



# **CLINT ZWEIFEL**

## **MISSOURI STATE TREASURER**

### **REQUEST FOR PROPOSALS**

### **PREPAID DEBIT CARD TAX PROGRAM**

### **REQUIRED BY**

### **OFFICE OF THE TREASURER**

### **STATE OF MISSOURI**

Submit Proposals to:  
Clint Zweifel, State Treasurer  
Truman Building, Suite 780  
301 West High Street  
Post Office Box 210  
Jefferson City, MO 65102  
(573) 751-2411

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## I. INTRODUCTION

### A. PURPOSE OF RFP

The Missouri State Treasurer's Office (STO) is accepting written proposals from financial institutions and other service providers to serve as the prepaid debit card tax program provider for the State of Missouri (State). The STO, in conjunction with the Department of Revenue (DOR), is soliciting bidders to provide prepaid debit cards as a third payment alternative for individual income tax refunds. In year one of the Contract, taxpayers not choosing direct deposit for their refund may choose whether to receive a check or a debit card. In subsequent years, taxpayers not choosing a direct deposit may have to opt out of receiving a debit card in order to receive their refund by check. (The progression of this program will be influenced by the programs' acceptance by taxpayers and the success of the Contractor in providing and supporting it.) The purpose of this Request for Proposal (RFP) is to select one program provider for a four- (4) year period commencing October 1, 2012, and ending September 30, 2016. This RFP covers only the individual income tax refund program discussed. Other existing state card programs are not included in this procurement.

### B. BIDDERS CONFERENCE

The STO will hold a mandatory bidders' conference at 1:00 p.m., April 11, 2012 in Room 750 of the Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Each bidder must have a representative in attendance at the bidder's conference. **No proposals will be accepted from a bidder who does not attend this conference.**

Bidders are encouraged to submit questions in writing in advance of the bidders' conference. Such questions should be e-mailed to the State Treasurer's Office at [storfp@treasurer.mo.gov](mailto:storfp@treasurer.mo.gov).

### C. SUBMISSION INSTRUCTIONS

Proposals must be completed, signed and returned (in the volumes required and with all necessary attachments) to the STO (Truman State Office Building, Suite 780, Jefferson City, Missouri) **by 11:00 a.m. Central Standard Time, April 30, 2012**. The response must include five (5) copies of Volume I in addition to the original document. *Responses must be in paper form and delivered directly to the STO by the deadline date.* Neither faxed copies nor electronic submissions of proposals will be accepted. In addition, included with the original copy of the response, bidders shall provide an electronic copy of the proposal as required in section V.B., Format and Submission of Proposal, on CD-ROM or flash drive. If

any discrepancies occur between the paper copy and the electronic copy, the paper copy will prevail.

Each proposal must include the following:

- ◆ Cover or transmittal letter including the signature of the bank officer or company official responsible for the proposal (must be an officer or official with authority to bind the bidder to the described services)
- ◆ Eligibility Certification (see section V.A.6)
- ◆ Clear, unambiguous, documented acceptance of the mandatory requirements or an alternative solution to provide the requirements (see section II.B.)
- ◆ Answers to the specific questions posed to the bidders by the STO (see section II.C.)
- ◆ Proposed Method of Performance (see section V.F.)
- ◆ Disaster Recovery (see Section II.C.14.).
- ◆ Community Investment (see section V.G. and **Appendix B**)
- ◆ Desired Contracts and Agreements (see item II.C.15.c.)
- ◆ Completed Pricing Tables (see **Appendix A**).
- ◆ Completed applicable portions of the Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization (see section III.E.6. and **Appendix C**)

**Note: Incomplete submissions will not be accepted.**

## **D. AWARD AND IMPLEMENTATION**

The STO expects to award this contract within sixty (60) days of the due date. Proposals must include an implementation schedule (see Section II.C.15). The contractor must be prepared to assume responsibility for the prepaid debit card tax program services effective October 1, 2012. The STO will work with the Contractor as necessary to complete implementation in a timely manner.

## **E. BID EVALUATION AND SELECTION CRITERIA**

The award of a contract resulting from this RFP shall be based in accordance with the evaluation criteria stated below:

<b>Price</b>	<b>50%</b>
<b>Proposed Method of Performance</b>	<b>20%</b>
<b>Experience, Quality and Reliability</b>	<b>25%</b>
<b>Community Investment</b>	<b>5%</b>

The STO reserves the right to reject any and all proposals submitted by bidders. Award of

this contract will be given to the bidder whose overall capabilities will best serve the needs as described in accordance with this RFP.

**F. ANTICIPATED TIMETABLE**

Release RFP	April 2, 2012
Bidders Conference	April 11, 2012
Last Date to Submit Questions	April 24, 2012
Proposals Due	April 30, 2012
Presentations by Selected Bidders	May 21-25, 2012
Evaluation Committee Recommendation	May 31, 2012
Contractor Selection	June 30, 2012

## II. SCOPE OF SERVICES

### A. OVERVIEW

The State Treasurer's Office (STO), in conjunction with the Department of Revenue (DOR), desires to provide an easily accessible alternative to paper checks for individual income tax refunds. The goals are two-fold: to provide a lower cost alternative to refund checks for those taxpayers without a banking relationship who are likely to pay fees to access their refund; and to reduce the number of refund checks issued by the state, thus realizing the related cost-savings.

The ideal prepaid debit card program will assure the state incurs no cost related to the program; and will provide state taxpayers selecting the card for their refund, the ability to access their refund in its entirety at no cost, allow them to utilize the card for purchases both online and in store, allow free access to cash at ATMs, and provide free transfer of funds.

At this time, the state is not interested in reloadable cards; however, the contractor may offer a conversion option to taxpayers. (The STO and DOR require that such marketing materials be submitted for review and approval before such action is initiated by the contractor.)

### B. MANDATORY REQUIREMENTS

**All of the following items must be initialed by the bank officer signing the bid indicating the bidder's acceptance to perform the mandatory requirements as stated. However, a bidder may asterisk an item (\*) and document an alternative solution to the requirement. If such an alternative solution is as cost effective and meets the same needs as the current system, the bidder will be considered to have accepted the mandatory requirement.**

**Failure to comply in the above manner may be cause for rejection of the bidder's proposal.**

1. Eligibility Requirements – all bidders must attest to the following:

- \_\_\_\_\_ a. The bidder is either a federal government or state government chartered banking institution.
- \_\_\_\_\_ b. The bidder is a federally insured banking institution.
- \_\_\_\_\_ c. The bidder complies with Federal Regulation guidelines indicating bidder is well capitalized.

- \_\_\_\_\_ d. The bidder has a Community Reinvestment Act (CRA) rating of “satisfactory” or better for the most recent examination conducted.
- \_\_\_\_\_ e. The bidder has sufficient equity capital to hold the compensating balances required by the bidder’s proposal.
- \_\_\_\_\_ f. The bidder understands and acknowledges that upon execution of a contract, all information submitted in response to this Request for Proposals is considered an open record under Missouri law and will be made available in response to public information requests.
- \_\_\_\_\_ g. The bidder understands and acknowledges that a successful bidder must have an IDC rating of 165 or better to qualify as the contractor for this service. Should the contractor’s IDC rating fall below a 125 during the contract period, the contract may be moved to the next highest scoring bidder.

## 2. Debit Card Program

- \_\_\_\_\_ a. The card shall be Visa or MasterCard branded.
- \_\_\_\_\_ b. The STO and the DOR reserve the right to approve the name, design, content, and graphics of the debit card used by the Contractor. The card design shall be the property of the State of Missouri whether the STO and the DOR select a custom design created by the Contractor or the State.
- \_\_\_\_\_ c. Debit card accounts will be established at the direction of DOR via electronic files transmitted to the contractor.
- \_\_\_\_\_ d. Contractor may not deny a debit card to any taxpayer whose information was transmitted by DOR – unless required by state or federal law or regulations, or required or requested by DOR.
- \_\_\_\_\_ e. No waiver, levy or encumbrance of levies may be placed upon the debit card except as authorized under State or Federal Law.

## 3. Distribution of the Debit Card

- \_\_\_\_\_ a. Contractor is responsible for the distribution of the debit cards.
- \_\_\_\_\_ b. The Contractor shall ensure that only one (1) debit card will be issued to a single taxpayer.



- \_\_\_\_\_ c. Two (2) debit cards shall be issued to joint taxpayers linked to one account.
- \_\_\_\_\_ d. Activated cards shall be valid for three years so long as a balance remains in the account.
- \_\_\_\_\_ e. Contractor is responsible for preparation and distribution of any and all instruction materials sent to the taxpayer. STO and DOR shall review and approve any and all accompanying materials prior to distribution of the cards, including the activation sticker, if used. No advertisements or marketing materials may accompany the card unless approved by the STO and DOR.
- \_\_\_\_\_ f. Contractor must comply with Federal Regulation E, including those provisions of the regulation that apply specifically to government programs compliance, and all other federal and NACHA rules and regulations.
- \_\_\_\_\_ g. Debit cards shall be issued to taxpayers in not less than two (2) business days but within four (4) business days after receiving the electronic file transmission of the taxpayer accounts to create, taxpayer identifying information, and dollar amounts to load to the card accounts from DOR.

The funding process is as follows:

- Day 1 – DOR will send the card creation file to the contractor, and process a payment request to fund the cards.
  - Day 2 – An ACH to fund the cards submitted in the file is processed by the State.
  - Day 3 – The ACH to fund the card file settles in the contractor’s designated account.
- \_\_\_\_\_ h. The Contractor shall credit the associated cardholder accounts immediately upon receipt of the daily ACH settlement from the State.
- \_\_\_\_\_ i. The Contractor shall:
- (1) Establish one account for each single record in the file;
  - (2) Establish one joint account for each joint record in the file;
  - (3) Provide DOR with each account number and the applicable routing number via electronic transmission in a file format agreed to by DOR;
  - (4) Mail card(s) to taxpayer(s) by first class mail with no forwarding order attached. The return address on the envelope must be within Missouri.
  - (5) Use exact mailing information provided by DOR.

(6) Be responsible for all postage charges and mailing costs associated with distributing debit cards and related materials.

\_\_\_\_\_ j. Accounts established shall be FDIC insured. No FDIC fees or assessments shall be passed on to the State or the cardholder.

\_\_\_\_\_ k. Contractor shall notify DOR of undeliverable debit cards. In the event a taxpayer notifies the Contractor of an address change prior to card activation, Contractor is to advise the taxpayer to contact DOR. All such updates will be made solely by DOR. Address changes communicated to the Contractor after card activation shall be the responsibility of the Contractor.

\_\_\_\_\_ l. Contractor shall issue replacement cards. One replacement card (as a result of lost, stolen or damaged card) shall be provided at no cost to the taxpayer or the State. Re-issued debit cards returned due to a bad address shall also be reissued at no cost to the taxpayer or State.

#### 4. Debit Card Activation

\_\_\_\_\_ a. Contractor shall provide cardholder(s) with instructions as to how to activate the card(s), via IVR, web capability, and other means.

\_\_\_\_\_ b. Contractor shall require security authentication before a cardholder can access account information. Such authentication must be acceptable to the DOR and the STO.

\_\_\_\_\_ c. Contractor shall provide access to funds immediately upon card activation.

\_\_\_\_\_ d. Contractor shall provide DOR with on-line access of debit card and taxpayer information to determine real-time whether cards have been activated.

\_\_\_\_\_ e. Contractor shall return funds to the state for any cards that were never activated at the end of the month during which one (1) year has elapsed from the state funding the card. An electronic file including the taxpayer name(s), social security number(s) and address must be returned to the STO and DOR along with the balances on each card in the National Association of Unclaimed Property Administrators (NAUPA) electronic format.

\_\_\_\_\_ f. Contractor shall provide the ability to close any debit card accounts that were never activated upon request of the DOR or STO and provide a file containing a listing of the closed accounts. All file layouts must be approved by DOR and STO.

\_\_\_\_\_ g. Contractor shall return to the state the associated funds for closed accounts immediately upon request.

- \_\_\_\_\_ h. Contractor shall deactivate accounts only as notified by DOR or STO. The Contractor and STO will jointly develop processes and procedures for deactivating accounts. (This requirement does not preclude the taxpayer from instructing the Contractor to close their account.)
- \_\_\_\_\_ i. Contractor shall close an account immediately upon request by DOR or STO for reasons of fraud, error, or any extraordinary reasons as indicated by DOR or STO.
- \_\_\_\_\_ j. Contractor shall be responsible for all escheatment of funds related to any dormant activated accounts established under the debit card program and shall provide all necessary data to the STO to effect such escheatment in the NAUPA electronic format.

## 5. Use of the Debit Card

- \_\_\_\_\_ a. The card shall operate as a debit card, stored-value card or other electronic-access type card. The card shall not offer a line of credit.
- \_\_\_\_\_ b. The debit cards must be initially issued as non-reloadable.
- \_\_\_\_\_ c. The debit card must be fully compliant with all federal laws and regulations and meet all industry standards including, but not limited to, ANSI X4.13, "American National Standard for Financial Services - Financial Transaction Cards" and ANSI X4.16, "American National Standard for Financial Services - Financial Transaction Cards - Magnetic Stripe Encoding", for use in ATM and POS terminals so that taxpayers can have broad access to their tax refunds.
- \_\_\_\_\_ d. Contractor shall offer ATM access, and shall identify the locations of ATMs where free services are available and how taxpayers may locate an ATM or branch location via a toll-free customer service telephone service and/or a Web site. Contractor shall provide DOR and cardholder with map or schematic of all ATMs and branch locations for the issuing financial institution and associated networks within the State of Missouri, nationally and internationally.
- \_\_\_\_\_ e. The State of Missouri shall not be liable for any transaction that exceeds available funds. The State of Missouri shall not be liable for overdrafts, or any other costs or liabilities incurred by the Contractor due to the actions of the cardholders.
- \_\_\_\_\_ f. Contractor shall ensure that cardholders are provided with any and all protections available to them resulting from fraud, stolen or lost cards. When a taxpayer's debit card has been designated as lost or stolen, the Contractor must ensure that the funds are not available to the lost or stolen debit card.

## 6. Cardholder Costs and Fees

- \_\_\_\_\_ a. Contractor shall provide at least one free teller assisted withdrawal at any bank or credit union that displays the Master Card or Visa logo (as indicated by the Contractor's card program).
- \_\_\_\_\_ b. Contractor may not charge any costs or fees to cardholders which are not included in its proposal.
- \_\_\_\_\_ c. Contractor shall provide cardholder with notice of any and all possible fees at the time the debit card is issued to the cardholder. A sample is to be provided to STO and DOR for approval prior to distribution.
- \_\_\_\_\_ d. Contractor may not assess an account maintenance fee on the underlying card account. However, a one-time, inactivity fee of a minimal amount may be charged on an activated account so long as this fee is included in the Contractor's proposal, is clearly disclosed to the cardholder, and does not occur just prior to escheatment.

## 7. Debit Card Reports

- \_\_\_\_\_ a. The Contractor shall provide DOR and STO with an online daily report of account numbers of debit cards issued, related data for rejected files, debit cards returned by mail, and debit card cancellations. There should be separate sections for account numbers, rejected files, returned mail, and cancellations, and each section must clearly indicate the reason for any returns or rejections.
- \_\_\_\_\_ b. Contractor shall provide an online detailed monthly report to DOR and STO for the preceding month's activities, including the total number of debit cards issued, cancelled, reissued, reasons for all reissues, the daily count and amounts of deposits made to taxpayer accounts by the State, taxpayer account balances for cards that have not been activated and other items as requested.
- \_\_\_\_\_ c. Contractor shall provide online summary data reports to assist the State in monitoring this card program. Such summary data shall include, card usage statistics, card account balances (reported in dollar ranges), inactivity data, and other items as requested.

## 8. Customer Service

- \_\_\_\_\_ a. Contractor shall provide the following for cardholders:
  - (1) Customer service to all cardholders, regardless of the cardholder's location, including: debit card activation;

- (2) Account statements (itemizing loaded amounts and detailed transaction history of the debit card);
- (3) Customer Service Representatives (CSR) available toll-free, twenty four hours a day, seven days a week; and
- (4) Access to an Interactive Voice Response (IVR) available via a toll-free number for balance inquiry and other account information.

- \_\_\_\_\_ b. Contractor shall provide a customer support package that complies with the Americans with Disabilities Act.
- \_\_\_\_\_ c. Contractor shall provide DOR with a toll-free, direct telephone line that DOR's staff may use to transfer a taxpayer from DOR's line to the Contractor's customer service center.
- \_\_\_\_\_ d. Contractor shall provide a direct link to the DOR website from the contractor's web pages in order to provide taxpayers access to tax refund information. (The taxpayer will be required to login with identifying information at DOR's website.)
- \_\_\_\_\_ e. Contractor shall transfer customer questions or complaints under DOR's jurisdiction from the Contractor's customer call center to DOR's call center in a seamless, customer-oriented fashion.
- \_\_\_\_\_ f. Contractor shall convey event specific messages (e.g. bank and postal holidays, service changes, or weather emergencies) that have an impact on customer access to the Contractor's systems; the Contractor's ability to provide uninterrupted service through Contractor's secure Web site, IVR system, and CSRs; or any service outages that impact card usage at the point of sale, at ATM's, or at other methods of access. Contractor shall notify STO and DOR within two hours of the occurrence of any of these events.
- \_\_\_\_\_ g. Contractor shall monitor calls to ensure quality customer service. All customer complaints must be addressed immediately, and at the latest within twenty-four (24) hours.
- \_\_\_\_\_ h. Contractor shall handle each type of call from cardholders, including call escalation procedures, issue resolution, call closures, and ongoing quality assurance and continuous improvement efforts and provide information and reports to DOR to enable DOR to monitor these customer service activities.
- \_\_\_\_\_ i. Contractor shall support a surge in call volumes due to increased taxpayer activity and increased call volumes during peak tax return filing season(s).
- \_\_\_\_\_ j. Contractor shall allow a cardholder to select and/or change his or her debit card personal identification number (PIN) via the Internet or IVR services twenty-four hours per

day, seven days per week.

- \_\_\_\_\_ k. Contractor shall ensure that no call is transferred to voice mail or automatically disconnected from the queue.
- \_\_\_\_\_ l. Contractor shall provide a secure web site for cardholders to view and print account balances and the financial transactions detail posted to the account.
- \_\_\_\_\_ m. Contractor shall notify cardholder of all the policies and procedures related to the use of the debit card at the time the debit card is issued to the cardholder.
- \_\_\_\_\_ n. Contractor shall communicate any errors, changes in policy or procedures, returned mail, and requests for address changes to DOR and cardholders. No changes in policy can violate the terms of the RFP or resulting contract.
- \_\_\_\_\_ o. Contractor shall make the call centers and operating/processing facilities accessible for visits from DOR and STO staff.
- \_\_\_\_\_ p. Contractor shall reimburse cardholder for bank-related expenses/fees for failure to deposit funds to cardholder's account as directed by DOR or STO.

#### 9. Data Management and Security

- \_\_\_\_\_ a. Contractor shall provide a procedure for using an industry standard electronically secure data connection, which allows DOR to transmit account information on a daily basis.
- \_\_\_\_\_ b. Contractor shall provide electronically to DOR the following information in file format(s) specified by DOR:
  - (1) The account numbers for debit card accounts once they are established.
  - (2) Payment related data for rejected files, returned files and cancellations.
- \_\_\_\_\_ c. Contractor shall provide a reconciliation process and on-line reporting that includes confirmation of the amounts loaded to card accounts, provides details on any return or reject items, confirmation of any transactions canceled by DOR or STO, and confirmation of other amounts returned to the state under the terms of this Contract.
- \_\_\_\_\_ d. Contractor will be responsible for safeguarding all stored data; particularly files that contain taxpayer/cardholder information, so as to be compliant with all state and federal laws and regulations, and individual card brand requirements. Contractor must be compliant with Payment Card Industry Data Security Standards (PCI DSS) and must be able to show proof of such certification in accordance with its policies, standards and guidelines.

\_\_\_\_\_ e. Contractor must provide written notice to the STO Director of Banking and the DOR as soon as possible, and no later than one (1) business day, following the reasonable belief of any unauthorized access or breach of confidential information provided to the Contractor under the Contract. Contractor's written notice shall include, at a minimum:

- (1) The nature of the unauthorized use or disclosure;
- (2) The specific confidential information involved;

Contractor must similarly provide the following additional information as it becomes available:

- (3) Who gained unauthorized access to the confidential information;
- (4) What steps the Contractor has taken or will take to mitigate any negative effect of the unauthorized use or disclosure;
- (5) What corrective action Contractor has taken or shall take to prevent future similar unauthorized use or disclosure;

\_\_\_\_\_ f. Contractor must comply with Section 407.1500 RSMo, and/or any other applicable state or federal law, regarding providing notice to consumers of a breach of personal information. Any notifications provided under this section, or otherwise, must be made in consultation with the STO Director of Banking and the DOR. All costs associated with a security breach as a result of Contractor's failure to comply with the terms of this Contract, including any notification, will be the full responsibility of Contractor. Any costs incurred by the State of Missouri directly resulting from a breach of security on the part of Contractor under the Contract must be reimbursed by Contractor. Contractor will indemnify and hold the State of Missouri harmless from any and all claims, damages, and liability arising as a result of a security breach due to Contractor's failure to comply with the terms of this Contract, including Contractor's failure to comply with Section 407.1500 RSMo and/or any other applicable state or federal law regarding providing notice to consumers of a breach of personal information.

#### 10. Additional Service Requirements

\_\_\_\_\_ a. All services provided under this Contract must occur within the United States.

\_\_\_\_\_ b. The Contractor shall provide telecommunication access to the State so that DOR and STO personnel do not incur long distance charges in contacting the Contractor. Such access may be in the form of a dedicated telephone line or in-bound toll-free number.

- \_\_\_\_\_ c. All meetings between employees of the STO, DOR and the Contractor must be held at the offices of the STO in Jefferson City unless otherwise agreed.
- \_\_\_\_\_ d. The Contractor shall monitor the quality of service provided to the State and recipients of cards issued under this Contract and shall promptly correct any deficiencies noted by the State or the Contractor's staff with relation to the services provided.
- \_\_\_\_\_ e. Quarterly contract review meetings shall be held between the Contractor, the STO and the DOR.
- \_\_\_\_\_ f. The Contractor shall maintain complete confidentiality of all data and all records including, but not limited to, information regarding any tax report or return, relating to services performed under the Contract. No data, list, report or other materials received or generated under the Contract may be disclosed or transferred by Contractor to any other person or entity. Specifically, Contractor affirms that it shall abide by all applicable state and federal laws, rules and regulations regarding the confidentiality of such information, including, but not limited to 26 USC 7213 and Section 32.057 RSMo. Contractor shall take any and all steps necessary, in the discretion of DOR and STO, to ensure that its employees, subcontractors and/or any other persons under Contractor's control with access to such information (1) are aware of and abide by such laws, rules and regulations regarding the confidentiality of such information and (2) are aware of the potential for criminal prosecution for failing to abide by such laws, rules and regulations.
- \_\_\_\_\_ g. Special Service Requirements  
  
The Contractor must cash state-issued checks for non-bank customers, but may charge the customer a reasonable fee. (The STO may be contacted to determine the validity of a state-issued check.) This service shall be provided at no cost to the STO for the term of the Contract (including available renewal periods).

11. Transfer of Funds to the STO

- \_\_\_\_\_ a. The Contractor shall promptly transfer to the STO by wire transfer, or by other means acceptable to the STO, any funds removed from card accounts either at the instruction of the STO or DOR.

12. Collateral

- \_\_\_\_\_ a. If applicable, collateral acceptable to the STO (see **Appendix D**) will be required on the total of any compensating balances and any other funds (collected and uncollected) in STO accounts in excess of FDIC insurance coverage. Funds in sweep repurchase agreements



must be secured in accordance with Article IV, Section 15 of the Missouri Constitution by United States Treasury obligations or obligations of United States government agencies or instrumentalities. Similar products or services offered must be appropriately collateralized or secured in accordance with Missouri law. The acceptable collateral listing is located on the STO's website <http://www.treasurer.mo.gov/link/time.pdf> and is subject to change.

## C. SPECIFIC QUESTIONS FOR BIDDERS

**Bidders must prepare clear and complete written responses to each of the following questions. Responses should be numbered in the same manner as the individual questions, and will be used in evaluating each bidder's proposed method of performance. Where applicable, answer yes or no. Failure to comply may result in rejection of the contractor's proposal.**

### 1. Organization and Experience

- a. Briefly discuss the history of your organization, ownership structure and lines of business.
- b. How long have you maintained pre-paid debit card services? To how many customers are you currently providing pre-paid debit card services (distinguish between single load and reloadable card programs)? How many of these customers are state or large local governments?
- c. In the last three years, what, if any, significant organizational changes (i.e., mergers, acquisitions, business concerns, etc.) have occurred?
- d. Bidders must provide one (1) copy of the most recent Annual Report and Call Report of the bidder and related financial institution. (If desired, bidders may include this information only with the original Volume I of the proposal.)
- e. Bidders must provide a summary of current and previous work performed within the last five (5) years by the financial institution or organization for a comparable **public sector** client which is similar in nature to that proposed for the STO and DOR under this RFP. Provide a contact name, e-mail address, and phone number.
- f. Bidders shall:
  - (1) Note any instances in the last three (3) years where a client receiving services similar to one (1) or more of the service areas requested in this RFP discontinued such services.

- (2) Indicate why services were discontinued.
  - (3) List a reference person(s) from organizations which were provided the services. Include a current telephone number.
- g. Bidders must provide three (3) references for pre-paid debit card services in addition to the public sector client provided under item e. above. Provide a contact name, e-mail address, and phone number for each reference.
- h. Bidders must either be a financial institution or affiliated with a financial institution. If using an affiliated financial institution, please provide background information on your organization's relationship with that institution.
- i. If bidder is dependent on any other company as a partner, co-bidder, subcontractor, or any other business relationship in order to provide the services included in the proposal, please describe in detail.
- j. Any bidder contemplating using a third party subcontracting arrangement should supply customer references that utilize similar arrangements and identify the structure of the relationship for each reference.
- k. Bidders must briefly summarize any other factors that may be justification for selecting the bidder's financial institution and its services.
- l. Bidders shall provide the following credit and financial information:
  - (1) Net equity capital
  - (2) Your bank's rating as determined by a Nationally Recognized Statistical Ratings Organization (NRSRO), as defined by the Securities and Exchange Commission.
  - (3) Provide details with respect to significant litigation against your firm for the last ten (10) years and any significant regulatory actions taken or pending that will impact your business.

## 2. Debit Card Program

- a. Provide a brief description and general workflow of your pre-paid debit card service solution, including, but not limited to, its particular brand and ability to provide single load or a reloadable debit card. Attach any diagrams that would assist in understanding the service.
- b. Is your pre-paid debit card product signature-based, PIN based, or both? Please

describe capabilities of both.

- c. Does your pre-paid debit card comply with rules, regulations and guidelines for pre-paid debit cards, e.g. NACHA rules and Federal Reserve Regulation E? Explain.
- d. Do the pre-paid debit cards have an expiration date? If yes, how often do they expire and how are the cards replaced?
- e. What differentiates your pre-paid debit card service from other providers?
- f. Describe in detail the options that are available for the STO or DOR to fund the debit cards. When will the funds settle to the individual cards?
- g. Describe the process by which the DOR or the STO can reverse a payment made in error or if fraud is discovered prior to activation of the card and if fraud is discovered after activation.
- h. Does your organization have a minimum load for your debit card program? A maximum load? The table below presents the income tax refunds made by check during the period of January 1, 2011 through June 30, 2011. (These volumes do not include approximately 100,000 checks issued between July 1, 2011 and December 31, 2011.)

<b>Refund Amount (\$USD)</b>	<b>Number of Refunds (#)</b>	<b>Total Amount Refunded (\$)</b>	<b>Average Refund Amount (\$)</b>
0-10	58,113	\$293,544.15	\$5.00
10-20	41,594	\$636,157.42	\$15.00
20-50	86,533	\$2,991,262.79	\$35.00
50-100	106,429	\$7,817,123.26	\$73.00
100-250	183,749	\$30,933,289.08	\$168.00
250-500	179,563	\$65,327,432.57	\$364.00
500-750	138,341	\$89,125,789.00	\$644.00
750-1000	50,590	\$43,851,939.77	\$867.00
1,000-1,500	45,922	\$54,458,288.97	\$1,186.00
1,500-2,000	15,739	\$27,126,008.33	\$1,723.00
>2,000	20,277	\$120,476,919.50	\$5,942.00
	926,850	\$443,037,754.90	\$478.00

- i. What liability, if any, does the State agency have for card fraud? If applicable, provide examples of scenarios.
- j. Does the bidder plan to advertise the debit card program as an alternative to an

income tax refund check and the benefits of receiving the card? If so, please indicate the marketing efforts envisioned, provide sample marketing pieces (these may be pieces used for other existing programs of a similar nature), and indicate what advertising budget the bidder would provide.

3. Distribution of the Debit Card

- a. Describe in detail your process for new card enrollment/issuance. Please detail all parameters necessary for enrollment and how parameters are created, identified, maintained and managed.
- b. Describe the proposed solution for the creation and mailing of a debit card to a designated refund recipient.
- c. How does your organization handle joint account owners? Will you provide an unique card number to each account owner? Does the activation of one card automatically activate the second card? Will each card have a unique PIN number? Explain the process.
- d. Will your debit cards include an activation sticker? If so, please provide an example and the information to be displayed. If not, what is your proposed method of activation notification?
- e. Once the issuance file is received from the DOR, how long does it take for the card to be produced and placed in the mail? For a cardholder to receive the card via US Mail?
- f. Does your organization have the capability to distribute cards to cardholders living in Canada and those with FPO and APO addresses? Delivery shall be provided by regular U.S. mail delivery service.
- g. Does your organization have the capability to distribute debit cards overseas? If the State has taxpayer refunds that need to be sent overseas, what is your proposed solution?
- h. Provide a description of the information offered to each cardholder during distribution and a sample of the information that will be received by the cardholder.
- i. Describe the process the Contractor will utilize to handle the return of undeliverable debit cards.

4. Debit Card Activation

- a. Can the State specify the information required for card activation? If so, how many pieces of information can be used?
- b. List the specific information you will require the State to provide for each taxpayer account for activation verification. What alternatives are available if the State does not have a required piece of information?
- c. Describe how the cardholder may change/choose their PIN after receipt of the pre-paid debit card including how this process works. How many times can the PIN be changed? Will there be any charge to the cardholder for changing their PIN multiple times? Describe all of the methods available to the cardholder to choose or change their PIN under the following circumstances:
  - (1) After initial issuance
  - (2) Lost/Stolen Card
  - (3) Forgets PIN
  - (4) PIN compromised
- d. Provide a sample report of cards that have not ever been activated.
- e. Do you provide a report of cards that have been activated but are now dormant? Provide a sample.
- f. How long would your institution prefer to leave a \$0.00 balance account open? Explain your reasoning for this time period.
- g. What happens to funds that are sent to an incorrect account number/ loaded to the wrong card? Will an effort to post the funds to the correct account be made prior to returning the funds to the State? How does the bidder propose the impacted taxpayer(s) be notified?
- h. Describe how you handle escheatment?
- i. How are balances transferred from one card to a replacement card? How quickly is this transfer accomplished? Please describe.

5. Use of Debit Card

- a. How may a cardholder use their card to make payments, obtain cash, and transfer funds? List options available and proposed fees for each service/method in a table. A sample is included as **Appendix A**.

- b. Does each cardholder have inquiry and transaction history access to his/her account? Describe the formats or methods offered and any applicable fees for each option.
- (1) Mailed monthly paper statement
  - (2) Automated IVR
  - (3) Internet
  - (4) Customer Service
  - (5) E-Mail
  - (6) ATM
  - (7) Other
- c. What methods may a cardholder use to check the balance on their card? Indicate the methods and any applicable charges. Are free balance inquiry options listed on the back of the card?
- d. What liability, if any, does a cardholder have for fraud? If applicable, provide examples of scenarios that would trigger the liability.
- e. Describe methods of monitoring account transactions to identify any unusual spending patterns or frequencies, attempted purchases at excluded merchants, or purchases made on dates and times that are outside of normal cardholder spending patterns. Additionally, describe procedures for contacting the cardholder when fraudulent card usage is suspected.
- f. What is the process for lost or stolen cards? How are the cards replaced? Describe the process when the taxpayer reports non-receipt of their initial or replacement card.
- g. Provide the conditions by which the network would allow for the possibility of a card to be overdrawn (such as: gas pump sales, hotel stays, internet sales, etc.) and your method for getting reimbursements of those overdraft amounts from the cardholder. If overdrafts are not possible, describe any limitations this places on the use of the card.
- h. Does the bidder provide a number of fee free denials when the balance is insufficient? Is there an overdraft charge when the payment is made without system authorization against an insufficient balance? Explain.
- i. Indicate the system available for use by STO and DOR staff to place stop payments on outstanding payments. Describe and illustrate the process to release a stop payment.
- j. Identify any special communications capabilities or equipment requirements that would be necessary for the state to effectively place stop payments on outstanding payments when utilizing the system made available by the bidder.

- k. Describe the marketing materials/techniques you intend to use in the promotion and marketing of the debit card program and, if possible, provide examples.
  - l. Is the bidder interested in marketing a reloadable card product to cardholders?
    - (1) How would such a product be marketed?
    - (2) Would marketing be directed to all cardholders, or just those displaying certain card use behaviors? Explain.
    - (3) Would the ability to market such a program impact the fees for the non-reloadable debit card program? Please explain and detail any fee changes in a table. A sample is included as **Appendix A**.
    - (4) What fees would apply to the reloadable card product? List all free and chargeable services for the proposed reloadable card product in a table. A sample is included as **Appendix A**.
  - m. Is the bidder interested in marketing any traditional banking service products to cardholders?
    - (1) What products might be marketed? What are the associated costs of these products?
    - (2) Would marketing be directed to all cardholders, or just those displaying certain card use behaviors? Explain.
6. Cardholder Costs
- a. Other than the mandatory free teller assisted withdrawal, what are the free points of access for the cardholder? List free access points and chargeable access points in a table with the applicable fees. A sample is included as **Appendix A**.
  - b. Provide a sample of the fee schedule/card enclosure that will be provided to cardholders as notice of the applicable fees as well as any information provided to assist them in avoiding incurring fees in their use of the debit card.
  - c. How would a cardholder have to-the-penny access to their balance at no cost to the cardholder? List all options available.
  - d. What ATM/POS/Debit Networks are available with your debit card product? How

many of these ATMs are located in Missouri? Please provide a map of ATM locations in the State of Missouri.

- e. How much money can a cardholder obtain via one transaction at an in-network ATM? At an out-of-network ATM?
- f. Are there any daily POS limits? Explain.
- g. When being used with a PIN, how much can a cardholder receive as cash back during a POS transaction? Is there a cost to the cardholder for cash back with a purchase?
- h. Describe the free points of access for balance inquiries.
- i. Describe options available to a cardholder to transfer funds to a different or separate account and any applicable costs.
- j. Provide three (3) likely scenarios of debit card usage by a recipient taxpayer (not including the taxpayer withdrawing the entire amount as a teller cash withdrawal) based on your experience with similar card programs. Indicate the amount of fees the taxpayer will incur based on each usage scenario.

## 7. Reports

- a. List all means by which the bidder could make reports available to the State (Internet, on-line, paper, fax, etc.) Identify any special communications capability or equipment requirements that would be necessary for the State to access the reports. (Any expense for the State to access reports via means not currently possessed by or available to the State will be the responsibility of the Contractor.)
- b. The Contractor must provide activity reports to the State on an agreed upon basis (e.g., daily, monthly, quarterly, annually). Provide sample reports that include the following types of information:
  - (1) Funding amounts received/daily transfers
  - (2) Record count of daily transmission file
  - (3) Dollar amount and record count of funding applied to cardholder accounts
  - (4) Funding amounts returned or any transfer rejections along with account information
  - (5) Number of new accounts established



(6) Undeliverable/Returned cards

(7) Number of Debit Cards not activated and details on the these accounts

(8) Dormant Accounts

- c. Identify the various standard reports that are available (e.g. – Days before Card Expires, Account Creation, Account Activation, ACH Rejects, Lost/Stolen Cards, Non-Activated and Re-Issued Accounts). Provide samples and explain how reports shall be accessed.
- d. Identify any reports that are customizable or sortable by the State. Provide samples and explain options available.
- e. Describe how State personnel will access the Contractor's on-line system for management information/reports that will be made available to the State; include any specific hardware and software requirements.
- f. Provide a description of the reporting packages you offer. Include whether your package has exporting or e-mail capabilities.
- g. Identify the reports available to assist the State in monitoring the card program and its usage. (e.g. – In total, and broken down by refund amount ranges: the number of accounts drained in one over-the-counter withdrawal; the average number of POS transactions per account; the average number of ATM transactions per account; the number of free and number of chargeable transactions utilized per account)
- h. How does the bidder recommend the State monitor the tax refund prepaid debit card program and what reports does the bidder suggest we utilize for these purposes?

8. Customer Service

- a. Briefly describe the bidder's customer service capabilities for a customer base the size of the State of Missouri, including those items which set you apart from your competition.
- b. Describe your organization's Customer Support Package.
  - (1) List all free points of access to the cardholder regarding account balances, financial transactions detail, cardholder questions, the ability to select or change their PIN, etc.

- (2) Include a diagram of the call flow and internet inquiries including the menu and options the taxpayers will encounter when requiring customer service.
  - (3) Provide examples of computer screen shots and explanations.
- c. Describe how your organization will meet the following customer services issues:
  - (1) How cardholders are notified of changes in policy or procedures that affect them.
  - (2) How cardholder complaints are resolved and the timeframes associated with that process. List the types of issues you anticipate and explain how they will be resolved.
  - (3) How errors are resolved and timeframes associated with the process.
  - (4) Describe how issues of fraud and liability are handled.
  - (5) Describe how returned mail is handled and how it will be reported to DOR.
  - (6) Explain your process for reporting lost, stolen, or damaged cards and describe the procedure and timeline for the replacement card.
  - (7) Detail all services that will be provided to cardholders including those living outside of the continental United States and those with FPO and APO addresses.
  - (8) Describe how your secure internet-based management tool will work and include in your response how technical support will be provided to those taxpayers that are having problems using the website.
  - (9) Describe any transactions that will be disallowed through this contract.
- d. Who will be the STO's primary contact? Who will be the DOR's primary contact? What is the current client load of this person? How do you ensure continuity of service when the primary customer service representative is unavailable?
- e. Who will manage resolution of any day-to-day operational problems? What is the current client load of this person?
- f. Who will handle policy issues?
- g. Who will handle pricing issues?

- h. What daily hours will the above-stated contacts be available?
- i. Describe the responsibilities of the customer service personnel, including their supervisors and the chain of command for problem resolution.
- j. Include resumés of key representatives the STO and DOR will interact with, including each of the above-stated contacts. Each resumé should include the representative's education and relevant experience providing the services covered by this RFP and applicable ongoing training.
- k. Explain how the quality of customer service will be monitored and how the results will be reported to the STO and DOR.
- l. Explain how customer complaints will be handled and how the complaints and resolution will be reported to STO and DOR.
- m. Explain how the bidder plans to manage customer service volumes during tax season and outside of tax season.

9. Data Management

- a. What security procedures are in place to minimize the risk of unauthorized transactions (e.g., encryption/authentication)?
- b. What controls are in place to protect against lost files and duplication of transmissions?
- c. What support do you provide for recreating files that may have been corrupted, lost or destroyed?
- d. Describe what technical support is available and the hours it is available to the STO and DOR staff.
- e. What physical and software security measures does the provider take to protect the confidentiality of the company's transaction information?
- f. Please describe in detail how your company will successfully process a daily electronic file and notification capabilities.
- g. What information is required from the State in order to setup cardholder information? Please describe your preferred data file and format/layout and the information needed in detail.

- h. What type of secure data connection does your financial institution provide? Please describe procedures for using an industry standard electronically secure data connection, using point-to-point data encryption, which allows the State to transmit account information (i.e. new accounts, updates, payments, etc.). Contractor must provide an electronic confirmation to the state agency of the receipt of files.
  - i. Contractor must describe how it will establish and maintain security safeguards and procedures to guarantee the confidentiality of all data obtained from the State. Contractor must provide a copy of any and all confidentiality agreements signed by its employees or subcontractors, if any, and/or all information provided to its employees or subcontractors with regard to the confidentiality of data obtained from the State.
- 10. Additional Service Requirements
  - a. What is the fee bidder will charge a non-customer to cash a state check drawn on a state account maintained with the bidder?
  - b. Will any portion of this contract be handled outside the United States? See Executive Order 04-09 by accessing the following link: [www.sos.mo.gov/library/reference/orders/2004/eo04\\_009.asp](http://www.sos.mo.gov/library/reference/orders/2004/eo04_009.asp).
- 11. Transfer of Funds to the STO
  - a. Indicate what time of day the STO will expect to receive the wire transfer of funds removed from card accounts as instructed by the STO or DOR.
  - b. If the bidder has an alternate method to timely transfer these funds to the STO, please explain. (Note: the STO is interested in solutions that will have the least financial impact on the State.)
- 12. Collateral
  - a. If applicable, indicate how the bidder will provide sufficient collateral to secure State public fund balances on deposit.
- 13. Quality of Service
  - a. How will the bidder monitor the quality of service provided to the STO and the DOR?

- b. What steps will be taken to correct deficiencies noted by the bidder, the STO, or the DOR?
- c. What quality standards will the bidder use to measure the prepaid debit card services?
- d. What safeguards are built into the bidder's system to prevent fraud, incorrectly reported items, and misapplied transactions due to encoding errors?

14. Disaster Recovery

- a. Provide a summary of the bank's as well as any third party vendor's disaster recovery plan as it relates to the services requested in a separate appendix.
- b. Where are off-site facilities for disaster recovery purposes located?
- c. Where is the "hot" site for disaster recovery located?
- d. How quickly can the "hot" site be implemented in the event of an emergency?

15. Implementation

- a. Provide an implementation plan for assuming responsibilities for and implementing pre-paid debit card services, including testing and a suggested implementation schedule. The implementation schedule must outline the milestone dates to accomplish the deployment of issuing debit cards for taxpayers. This should include detailed tasks, dates and resources assigned and identified for each milestone.
- b. Please indicate the State's responsibilities and critical timing during the implementation.
- c. Provide a copy of all agreements and forms the bidder desires the STO, and the DOR to complete and approve to contract for pre-paid debit card services and any other services associated with this contract. (Acceptance of a bidder's proposal does not indicate acceptance of the terms of any agreements provided in response to this item.)
- d. Will a project manager be assigned to manage implementation? If so, provide the name and resumé of the project manager, including past implementation experience.
- e. Indicate your plans for educating and training STO and DOR employees in the use of your systems before and after implementation. Describe support provided during

implementation, including training, technical assistance, user manuals and on-site visits.

16. General Requirements

- a. Provide information on any related service offerings currently provided or planned by the bidder in the next twelve (12) months that may benefit the State and its taxpayers.
- b. Describe your current planned enhancements with regard to services and technology for 2012 and 2013.
- c. Will the bidder outsource any of the services contained in this RFP, or have plans to do so? Please explain.
- d. Is the bidder currently involved in, or planning any major system changes, acquisitions, or conversions? If so, please explain your plans and include the potential impact to the State and this Contract.

### **III. GENERAL INFORMATION AND CONTRACT PROVISIONS**

#### **A. CONTRACTUAL AGREEMENT AND AMENDMENT**

1. The contract between the State Treasurer's Office (STO) and the contractor (Contractor) shall consist of (a) a Depository Contract, Pledge Agreement, Demand Deposit Contract and Contract for Banking Services (see **Appendix E**); (b) this RFP and any amendments thereto; and (c) the Contractor's response to this RFP including any and all attachments and additional responses. These documents shall collectively be referred to as "the Contract." In the event of a conflict between (b) and (c) above, the provisions and requirements set forth and/or referenced in this RFP (item (b) above) shall govern. However, the STO reserves the right to clarify any contractual relationship in writing with the concurrence of the Contractor, and such clarification shall govern in case of conflict with the applicable requirements stated in the RFP or successful bidder's response. In all other matters not affected by the written clarification, if any, this RFP shall govern.
2. The STO reserves the right to negotiate with the Contractor for changes in services or additional service items, subject to mutual agreement. Any such amendments shall be agreed upon in writing as described in section III.A., Item 3., immediately below.
3. Any proposed change in the Contract must be accomplished by a formal written contract amendment signed and approved by and between the duly authorized representatives of the Contractor and the STO. Any amendment to the Contract shall (a) specify an effective date; (b) specify any increases or decreases in the amount of the Contractor's compensation, if applicable; (c) describe changes, if any, to the provisions of the contract; (d) be entitled as an "Amendment"; and (e) be signed by the duly authorized representatives of the Contractor and the STO. The Contractor expressly and explicitly understands and agrees that no other method and/or no other document, including correspondence, acts, and oral communications by or from any person, shall be used or construed as an amendment to the Contract.
4. It is understood that in certain situations, the Contractor may utilize the services of related financial institutions (i.e., banks within the same holding company as the Contractor) in performing certain services required under the Contract. In all such situations, the Contractor retains sole, direct and primary responsibility for securing the required contractual performance from such related institution as well as sole, direct and primary responsibility for assuring that all contractual provisions, including all applicable legal, financial and eligibility requirements, are continuously met by such related institution. All

rights and remedies vested in the STO by this Contract apply with equal force and effect to a Contractor's related institution. Conversely, all rights and remedies vested in the Contractor by this Contract rest solely with the Contractor and not the related institution. The Contractor agrees to indemnify, save and hold the STO harmless from any expense, liability or payment arising out of the actions of a related institution pursuant to the Contract or made by a related institution as a result of the Contract.

5. The aforementioned documents in Section III. A. represent the full and complete agreement between the parties.

## **B. CONTRACT PERIOD, DEFAULT, CANCELLATION OR TERMINATION**

1. Except where specifically noted, the STO anticipates that the Contract will run through September 30, 2016. The Contract may provide for a limited extension beyond the stated period at the option of the STO.
2. If, in the sole discretion of the STO, the STO concludes that the Contractor has substantially defaulted in any manner in performing any of the contractual terms and conditions, and such default is not cured by the next banking day (as that term is defined in Section 400.4-104, RSMo (as amended)) or, at the discretion of the STO, in some other commercially reasonable period of time after notice of such default is given to the Contractor, the STO may immediately terminate the Contract and withdraw all State of Missouri funds on deposit with the Contractor.
3. The STO may terminate the Contract, in whole or in part, at any time for a breach of any contractual obligation. Should the STO exercise its right to terminate the Contract for such a reason, the termination shall become effective on the date specified in a written notice of termination sent to the Contractor.
4. The STO reserves the right to terminate the Contract, in whole or in part, at any time, for the convenience of the State of Missouri, without penalty or recourse, by giving written notice to the Contractor at least 120 days prior to the effective date of such termination. In the event of termination pursuant to this paragraph, all documents, data, reports, supplies, and accomplishments prepared, furnished or completed by the Contractor pursuant to the terms of the contract shall, at the option of the STO, become property of the State of Missouri. The Contractor shall be entitled to receive just and equitable compensation for the work completed pursuant to the Contract prior to the effective date of termination.



5. The Contractor may terminate the Contract by giving written notice to the STO at least 120 days prior to the effective date of such termination. In the event of termination pursuant to this paragraph, all documents, data, reports, supplies, and accomplishments prepared, furnished or completed by the Contractor pursuant to the terms of the contract shall, at the option of the STO, become property of the State of Missouri. The Contractor shall be entitled to receive just and equitable compensation for the work completed pursuant to the Contract prior to the effective date of termination.
6. In the event the Contract is terminated, regardless of the reason for such termination, Contractor agrees and understands that the terms of the Contract shall continue in full force and effect with respect to any and all debit cards already issued under the Contract until such time that the issued debit cards expire and any remaining funds have been escheated to the State.
7. The Contractor further agrees and understands that any payment due under the terms of the Contract shall be made by the STO only (a) after the successful completion of all requirements set forth in the Contract; and (b) after approval and acceptance by the STO of the Contractor's performance, services and/or supplies required by the terms of the Contract.
8. No provision in this document or in the Contractor's proposal shall be construed, expressly or impliedly, as a waiver by the STO of any existing or future right and/or remedy available by law in the event of any claim of default or breach of Contract.
9. Any written notice to the Contractor shall be deemed sufficient when presented to an authorized employee of the Contractor at its address as listed on the signature page of the Contract, or deposited in the United States mail, postage prepaid, and addressed to the Contractor at its address as listed on the signature page of the contract, or at such address as the Contractor may have requested in writing.

## **C. LIABILITY AND RESPONSIBILITY**

1. The Contractor shall be liable to the STO for any loss of funds as a result of the Contractor's failure to properly execute a Contract obligation when such error is within the Contractor's control. This includes system and or processing down time that is not restored in a timely manner.
2. The Contractor shall compensate the STO for the loss of interest due the STO as a result of

the Contractor's error or of the Contractor's failure to execute a transfer request on the date requested, unless due to an error not within the Contractor's control. The compensation shall be for a period not exceeding sixty-one (61) days or the date of actual transfer or error correction, whichever comes first. The compensation must be in the form of a reimbursement equal to the average of the daily Federal Funds interest rate (as reported on Bloomberg) plus five (5) basis points for the period and amount in question computed on a daily basis.

3. The Contactor agrees that it will hold the STO harmless from any third party claims for damage resulting from any negligent act or omission or willful misconduct on the part of the Contractor or on the part of any subcontractor or other person employed by or under the supervision of the Contractor.
4. The Contactor shall be deemed to have exercised ordinary care if the Contractor has followed established procedures agreed to under the Contract in executing a transfer. The Contactor agrees that it shall be deemed not to have exercised ordinary care if it has deviated from these established procedures agreed to under the Contract in executing a transfer without prior written authorization from the STO.

#### **D. RECORDS, ACCESS AND CONFIDENTIALITY**

1. The Contractor shall maintain financial and accounting records and supporting evidence pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified by the STO.
2. All such reports, records, tapes, files or other materials developed or acquired by the Contractor as a specified requirement of the Contract shall become property of the STO.
3. The Contractor shall permit reasonable access by the STO during the Contract period and any extension periods, and for an eighteen (18) month period beyond the end of the Contract, for purposes of performing audit procedures relating to any aspect of the services provided by the Contractor to the STO in connection with the Contract.
4. Any and all information supporting the Contract and any and all tapes, files and data files maintained by the Contractor for such purpose shall be provided to the STO, or a designated STO representative, at no cost to the STO or designated representative, upon request by the STO, at the end of the Contract.

5. In addition to the reports specifically required by the Contract, the Contractor must provide, for an agreed price, additional financial and analytical reports as the STO may request.
6. The STO reserves the right to reject or request changes in all reports, systems, on-line inquiry features, and procedures.
7. If the STO requests a service be performed on a specific day, and that day is not a banking day, the Contractor must provide the service on the next banking day, unless otherwise indicated by the STO or by mutual agreement between the Contractor and the STO.
8. The Contractor shall maintain complete confidentiality of all data and all records, including, but not limited to, information regarding any tax report or return, relating to services performed under the Contract. No list, report or other materials generated from data covered under the Contract may be disclosed or transferred by Contractor to any other person or entity. Specifically, Contractor affirms that it shall abide by all applicable state and federal laws, rules and regulations regarding the confidentiality of such information, including, but not limited to 26 USC 7213 and Section 32.057 RSMo. Contractor shall take any and all steps necessary, in the discretion of DOR and STO to ensure that its employees, subcontractors and/or any other persons under Contractor's control with access to such information (1) are aware of and abide by such laws, rules and regulations regarding the confidentiality of such information and (2) are aware of the potential for criminal prosecution for failing to abide by such laws, rules and regulations. Contractor agrees to indemnify and hold harmless the State of Missouri for any damages, costs, fees or other liability (including counsel fees) arising as a result of Contractor's failure to comply with the applicable laws, rules and regulations regarding the confidentiality of the data and records provided to Contractor under the Contract.

#### **E. COMPLIANCE WITH APPLICABLE LAWS**

1. The Contract shall be construed according to the laws of the State of Missouri.
2. The Contractor shall comply with all local, state and federal laws and regulations related to the performance of the Contract, to the extent that the same may be applicable, and must be registered with and maintain good standing with the Missouri Secretary of State, the Division of Finance of the Missouri Department of Insurance, Financial Institutions and Professional Registration, and/or any other Missouri State office or agency, as may be required by law or regulation.

3. The Contractor represents itself to be an independent contractor offering such services to the general public and shall not represent itself or its employees to be an employee of the State of Missouri. Therefore, the Contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, minimum wage requirements, overtime, etc., and agrees to indemnify, save, and hold the State of Missouri, its officers, agents, and employees, harmless from and against, any and all loss, cost (including attorney fees), and damage of any kind related to such matters.
4. In connection with the furnishing of supplies or performance of work under the Contract, the Contractor agrees to comply with the Fair Labor Standard Act, Fair Employment Practices, Equal Employment Opportunity Act, the Americans With Disabilities Act (ADA), and all other applicable federal and state laws, regulations, and executive orders to the extent that the same may be applicable and further agrees to insert the foregoing provision in all subcontracts awarded hereunder.
5. Contractors with the State of Missouri must comply with Article XIII of Executive Order #87-6 pertaining to discrimination and affirmative action. (The executive order may be viewed at [http://www.sos.mo.gov/library/reference/orders/1987/eo1987\\_006.asp](http://www.sos.mo.gov/library/reference/orders/1987/eo1987_006.asp)). Failure to comply may result in appropriate action including cancellation of the Contract resulting from this RFP.
6. Pursuant to section 285.530, RSMo, if the Contractor meets the definition of a “business entity” (<http://www.moga.mo.gov/statutes/c200-299/2850000525.HTM>) as defined in section 285.525, RSMo, the Contractor must affirm the Contractor’s enrollment and participation in the E-Verify federal work authorization program with respect to employees hired after enrollment in the program who are to work in connection with the services requested herein. The Contractor should complete the applicable portions of **Appendix C** Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization. The applicable portions of **Appendix C** must be submitted prior to an award of a contract. In accordance with subsection 2 of section 285.530 RSMo, the Contractor should renew their Affidavit of Work Authorization annually. A valid affidavit of Work Authorization is necessary to award any new contracts.

If the Contractor’s business status changes during the life of the Contract to become a business entity as defined in section 285.525 RSMo, pertaining to section 285.530 RSMo, then the Contractor shall, prior to the performance of any services as a business entity under the Contract: (a) enroll and participate in the E-Verify federal work authorization program with respect to the employees hired after enrollment in the program who are proposed to

work in connection with the services required herein; and (b) Provide to the STO the documentation required in **Appendix C** entitled Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization affirming Contractor's enrollment and participation in the E-Verify federal work authorization program; and (c) Submit to the STO a completed, notarized Affidavit of Work Authorization as provided in **Appendix C**.

7. Contractors with the State of Missouri must comply with Executive Order #04-09 pertaining to outsourcing of employment. (The executive order may be viewed at [www.sos.mo.gov/library/reference/orders/2004/eo04\\_009.asp](http://www.sos.mo.gov/library/reference/orders/2004/eo04_009.asp)) Failure to comply may result in appropriate action including cancellation of the Contract resulting from this RFP.
8. The STO will not contract for goods or services with a Contractor if the Contractor or any affiliate of the Contractor fails to properly pay or to collect and remit taxes owed to the State of Missouri. Contractor's failure, or the failure of any affiliate to the Contractor, to maintain good standing with the State of Missouri Department of Revenue may result in appropriate action including cancellation of the contract resulting from this RFP.
9. The parties are advised and acknowledge that pursuant to the Missouri Sunshine Law, Sections 610.010 – 610.035 RSMo, upon execution of the Contract, the Contract (including any and all materials provided by a bidder in the RFP process) and all records related to the Contract are considered to be an open record and will be made available in response to public information requests. Records and documents, including business financial statements, submitted to the Missouri State Treasurer's Office relating to financial investments in a business, sales figures or projections or other business results or business plan information, the disclosure of which may have a negative impact on the competitiveness of the business are closed records for purposes of the Missouri Sunshine Law.

The STO shall have no obligation to contact or inform any bidder prior to providing the bidder's Contract documents in response to a public records request.

## **F. ASSUMPTION OF LIABILITY, INSURANCE AND INDEMNIFICATION**

1. The Contractor shall be responsible for any and all claims, actions, liability injury or damage (including court costs and attorneys' fees) incurred as a result of the Contractor's breach of the Contract, negligence or willful misconduct in providing any service rendered under the terms and conditions, requirements or specification of the Contract. In addition to the liability imposed upon the Contractor for personal injury, bodily injury (including death) or property damage suffered as a result of the Contractor's performance under the Contract, the Contractor assumes the obligation to save the State of Missouri, including its

agencies, employees, and assigns, from every claim, expense, action, liability, injury or damage arising out of any negligent act or any willful misconduct of the Contractor. The Contractor also agrees to hold the State of Missouri, including its agencies, employees, and assigns, harmless for any negligent act or omission or willful misconduct committed by any subcontractor or other person employed by or under the supervision of the Contractor under the terms of the Contract. However, the Contractor shall not be responsible for any injury or damage occurring solely as a result of any negligent act or omission or willful misconduct committed by the STO. This provision is not intended to waive any claim of sovereign immunity to which a public entity is entitled under Missouri or federal law.

2. The Contractor shall maintain adequate liability insurance to protect the State of Missouri, its agencies, its employees, its assigns, its clients, and the general public against any loss, damage, and/or expense related to its performance under the Contract. The insurance coverage shall include, but shall not necessarily be limited to, general liability, errors and omissions, professional liability, etc. **The State of Missouri shall be a named party on the policy and written evidence of the insurance coverage shall be provided by the Contractor to the STO (such as a certificate of insurance).** The evidence of insurance shall include, but shall not necessarily be limited to: effective dates of coverage, limits of liability, insurers' names, policy numbers, endorsement by representatives of the insurance company, etc. Evidence of self-insurance coverage or of another alternate risk financing mechanism may be utilized provided that such coverage is verifiable and irrevocably reliable. The evidence of insurance coverage must be submitted before or upon award of the Contract. In the event the insurance coverage is in any way changed, the STO must be notified by the Contractor immediately.

## **G. PROPOSAL ACCEPTANCE OR REJECTION**

The STO reserves the right, in its sole discretion, to accept or reject any proposals, in whole or part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with any or all qualified bidders in any manner necessary to serve the best interests of the State of Missouri. The STO also reserves the right, in its sole discretion, to award a contract based on the written proposals received without prior discussions or negotiations.

## **H. PROPOSAL PREPARATION COSTS**

The STO will not reimburse any bidder responding to this RFP for costs incurred in preparing documentation, making presentations, or any other costs incurred as a result of this RFP.

## **I. INSTALLATION AND CONVERSION COSTS**

Any equipment installation, software or data file conversions, or any other costs associated with start-up and implementation shall be the responsibility of the Contractor.

## **J. REPLACEMENT EQUIPMENT AND TRAINING**

1. If requested by the STO, the Contractor shall upgrade any software provided under the contract. In addition, the Contractor shall provide the training and user manuals necessary to effectuate the replacement or conversion of software.
2. As requested by the STO, the Contractor shall provide periodic training or retraining of STO and DOR personnel, or, when appropriate, personnel of other state agencies, in the use and operation of the equipment, software, or systems provided under the Contract.
3. In the event that the Contractor's systems or any of its components are rendered permanently inoperative, the Contractor must have the capability to reconstruct necessary data files and operate on replacement equipment within one (1) calendar day of any disaster.

## **K. SUBSTITUTION OF PERSONNEL**

The STO's agreement to the Contract is predicated, in part and among other considerations, on the utilization of the specific individual(s) and/or personnel qualification(s) as identified and/or described in the Contractor's proposal. In the event that any of the specific individuals and/or personnel qualifications change, Contractor must immediately notify STO. The Contractor further agrees that any substitution of individuals or personnel qualifications made pursuant to this paragraph must be equal to or better than originally proposed and that the notification of a substitution shall not be construed as an acceptance by the STO of the substitution's performance potential. STO reserves the right to reject any substitutions of individuals or personnel qualifications made if those substitutions, in the discretion of STO, are not equal to or better than originally proposed. Failure of the Contractor to utilize individuals and personnel qualifications that are equal to or better than originally proposed shall entitle the STO to terminate the Contract pursuant to Section III.B, Item 3.

## **L. REVIEW OF SERVICES**

The STO will conduct quarterly service reviews with the Contractor. Such reviews will include

a review of the quality of services and discussion of any specific concerns of the STO or the Contractor, and will be documented in a mutually agreed upon format.

#### **M. ASSIGNMENT**

The Contractor will not assign any interest in the Contract nor transfer any interest, whatsoever, in the same (whether by assignment or notation) without prior written consent of the STO.

#### **N. JURISDICTION**

Each party irrevocably and unconditionally (i) submits to the exclusive jurisdiction of any United States Federal or Missouri State court sitting in Cole county, Missouri, and any appellate court from any such court, solely for the purpose of any suit, action or proceeding brought to enforce its obligations under the Agreement or relating in any way to the Agreement or any Transaction under the Agreement; and (ii) waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile.

#### **O. CONFLICT OF INTEREST**

The Contractor covenants that it presently has no interest and shall not acquire any interest, directly or indirectly, which would conflict in any manner or degree with the performance of the services hereunder. The Contractor further covenants that no person having any such known interest shall be employed by the Contractor or conveyed an interest, directly or indirectly, in the contract.

#### **P. ESTIMATED VOLUMES**

Any statistics or estimates of workload in this RFP are for informational purposes only and do not imply that they accurately represent expected future activity.

#### **Q. COLLATERAL**

Collateral acceptable to the STO (see **Appendix D**) will be required on the total of any compensating balances and any other funds (collected and uncollected) in STO accounts covered by this contract in excess of FDIC insurance coverage. Funds in sweep repurchase agreements must be secured in accordance with Article IV, Section 15 of the Missouri Constitution by United States Treasury obligations or obligations of United States government



agencies or instrumentalities. Similar products or services offered must be appropriately collateralized or secured in accordance with Missouri law. The acceptable collateral listing is located on the STO's website <http://www.treasurer.mo.gov/link/time.pdf> and is subject to change.

## **IV. COMPENSATION**

### **A. METHOD OF COMPENSATION**

1. The Contractor must uphold all service and pricing commitments. All costs bid are firm, fixed costs for the duration of the contract period (including available renewal periods).

### **B. PRICE ADJUSTMENTS**

1. All prices included in the proposal are effective for the entire term of the contract, including available renewal periods, unless otherwise specified below.
2. If included in the proposal, the Contractor may request an adjustment for changes in pass-through charges. The Contractor shall submit documentation verifying such rates when requesting adjustment.
3. Prices for any changes or additional services during the Contract period (including the available renewal periods) shall be negotiated between the STO and the Contractor, documented in writing, and signed by both parties.

## V. PROPOSAL CONTENTS AND SELECTION

### A. GENERAL CONSIDERATIONS

1. Each of the mandatory requirements contained in Section II.B. must be initialed by the authorized bank officer signing the bid to indicate the bidder's acceptance to perform the requirement as stated.
2. Bidders must prepare concise and complete written responses to each of the specific questions for bidders contained in Section II.C. Responses should be numbered in the same manner as the questions and will be used in evaluating each bidder's proposed method of performance. The responses to the questions shall also be submitted in Microsoft Word format or Portable Document Format (PDF) to facilitate the evaluation process.
3. Bidders are free to recommend any changes to approach or systems which they believe would be beneficial or cost-effective to the State. This can include recommendations for enhancing, streamlining or eliminating redundant or superfluous processing or reporting, and opportunities for integrating services or systems. Bidders should note, however, that proposals will be evaluated and the Contractor will be chosen on the basis of the Contractor's commitment to meet and deliver the mandatory service requirements at the most competitive price. Thus, recommendations which increase the cost of a proposal beyond that necessary to meet and deliver the mandatory service requirements may place the bidder at a competitive price disadvantage relative to bidders who price their proposals strictly in terms of the mandatory service requirements. The State shall be the final and sole arbiter of whether such alternative solution proposals meet the State's requirements and are cost effective.
4. **Bidders may submit more than one proposal.** Additional proposals may be prepared in an abbreviated form following the same format as the primary proposal (which shall be labeled as such), but containing only that information that differs in a substantive way from that contained in the primary proposal. Each proposal must be bound separately and prepared in accordance with Part B of this section.
5. Bidders may submit a proposal that does not satisfy all of the specific mandatory requirements of the RFP by offering an alternative solution to the approach depicted in the RFP. Such proposals must be clearly identified by the bidder as "Alternative Solution Proposals". In all cases to be considered for evaluation, alternative solution proposals must

clearly meet the intent of the mandatory requirements of the RFP, be cost effective, as well as meeting the overall objectives of the procurement and the State's needs as stated in Section II, the Scope of Services. Alternative solution proposals must be prepared in accordance with Part B of this section. The State shall be the final and sole arbiter of whether such alternative solution proposals meet the State's requirements and are cost effective.

## 6. Eligibility Requirements for Bidders

- a. In addition to the requirements detailed elsewhere in this RFP, all bidders must include in their proposals a certified statement attesting to the following:
  - (1) The bidder is either a federal government or state government chartered banking institution.
  - (2) The bidder is a federally insured financial institution.
  - (3) The bidder complies with Federal Regulation guidelines indicating bidder is well capitalized.
  - (4) The bidder has a Community Reinvestment Act (CRA) rating of "satisfactory" or better for the most recent examination conducted.
  - (5) The bidder has sufficient equity capital to hold the compensating balances required by the bidder's proposal.
- b. If the bidder intends to utilize the services of a related financial institution (i.e., a bank within the same holding company as the bidder) in the bidder's proposed method of performance, the bidder must also include a certified statement attesting to the information described in (1)-(6) immediately above for the related institution, and must provide copies of the most recent Annual Report, Call Report, CRA Statement, and CRA Public Disclosure for such related institution.
- c. All bidders who intend to submit responses to this RFP **must attend** the bidders' conference on April 11, 2012. Please see I.B. for details.
- d. All bidders must be prepared to schedule and deliver a presentation to the STO. The presentation, if scheduled, will encompass a review of the bidder's systems, the processes to be used in handling the state's accounts and deposits, and an introduction to the staff who will be involved in servicing the STO's contract and relationship with the bidder. Presentations may be scheduled with the top two (2) to three (3) successful bidders at the STO's discretion. Presentations are currently

scheduled to occur on **May 21 – 25, 2012**. The STO is in no way obligated to schedule bidder presentations, and the STO can select a proposal without viewing a presentation from the bidder. All costs surrounding the presentations are the bidder's sole responsibility.

7. **Bidders are advised that upon execution of a contract, all information submitted in response to this Request for Proposal is considered an open record under Missouri Law and will be made available in response to public information requests. See section III.E., Item 9.**

## **B. FORMAT AND SUBMISSION OF PROPOSAL**

1. Proposals must contain sufficient information to enable the evaluators to evaluate the proposal in accordance with the mandatory requirements and the evaluation criteria listed in section V. part D. It should be prepared in a clear and concise manner and should address all appropriate aspects of this RFP.

The proposal should be organized into distinctive sections as outlined below.

- I. Cover or Transmittal Letter
  - II. Eligibility Certification (see V.A.6.)
  - III. Acceptance of Mandatory Requirements at II.B.
  - IV. Responses to Specific Questions at II.C.
  - V. Proposed Method of Performance and Other Supplementary Information (see V.F.)
  - VI. Disaster Recovery (see Section II.C.14.)
  - VII. Community Investment (see section V.G. and **Appendix B**)
  - VIII. Desired Contracts and Agreements (see II.C.5.c.)
  - IX. Completed Pricing Tables (see **Appendix A**)
  - X. Completed applicable portions of the Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization (see section III.E.6. and **Appendix C**)
2. Proposals must be priced, signed by a bank officer with authority to bind the contractor to the State by contract, sealed, and returned (in the volumes indicated and with all necessary attachments) to the STO by **11:00 a.m. CST, April 30, 2012**.
    - a. In addition to the original proposal, the bidder should include five (5) hard copies of the proposal.

- b. The proposal shall be submitted in a three- (3) ring loose-leaf binder. Proposals shall be prepared on 8 1/2 x 11 inch paper using a legible font.
  - c. In addition to the above, one CD-ROM or flash drive containing the entire proposal must be enclosed with the original proposal in Word or PDF format. (If any discrepancies between the hard (paper) copy and the electronic copy are discovered, the hard (paper) copy will prevail.)
3. The bidder shall respond to this RFP by submitting all data required. Failure to submit such data shall be deemed sufficient cause for disqualification of a proposal from further consideration for award.

### **C. CLARIFICATION OF REQUIREMENTS**

- 1. Any and all questions regarding specifications, requirements, competitive procurement process, etc., must be directed in writing to Nicole Hackmann, Director of Banking via e-mail to [STORFP@treasurer.mo.gov](mailto:STORFP@treasurer.mo.gov) . This is the only method of communications that will be accepted.
- 2. **Bidders are cautioned not to contact employees of the STO, employees of other state agencies, members of the General Assembly, or any members of the evaluation committee concerning this procurement during the competitive procurement and evaluation process. Such contact may cause the bidder's proposal to be rejected.**
- 3. The bidder is advised that the only official position of the STO is that position which is stated in writing and issued by the STO as a RFP and any amendments thereto. No other means of communication, whether oral or written, shall be construed as a formal or official response or statement.

### **D. EVALUATION PROCESS**

- 1. After determining that a proposal satisfies the mandatory requirements stated in this RFP, the comparative assessment of the relative benefits and deficiencies of the proposal in relationship to the published evaluation criteria shall be made by using subjective judgment. The award of a contract resulting from this RFP will be based on the evaluation criteria stated below:

<b>Price</b>	<b>50%</b>
<b>Proposed Method of Performance</b>	<b>20%</b>
<b>Experience, Quality and Reliability</b>	<b>25%</b>
<b>Community Investment</b>	<b>5%</b>

*Any cost-effective suggestions to improve current systems may be used to select one bidder over another if scoring is tied.*

2. After an initial screening process, if deemed necessary, the STO and the evaluation committee may ask a bidder to clarify or verify elements of the bidder's proposal to develop a more comprehensive assessment of the proposal. Such a request will be delivered via e-mail to the officer signing the proposal, and will generally require a **48-hour turnaround** of the bidder's response.
3. The STO reserves the right to consider historic information and facts, whether gained from the bidder's proposal, question and answer conferences, references, or any other source, in the evaluation process.
4. It is the bidder's sole responsibility to submit information related to the evaluation categories and the STO is under no obligation to solicit such information if it is not included with the bidder's proposal. Failure of the bidder to submit such information may cause an adverse impact on the evaluation of the bidder's proposal, up to and including rejection of the bidder's proposal.
5. In the event that only one (1) proposal is received in response to this RFP, the STO reserves the right to cancel the bid process or to negotiate the terms and conditions, including the price, as proposed in the sole bidder's proposal. In addition, as part of such negotiations, the STO reserves the right to require supporting cost, pricing and other data from the bidder in order to determine the reasonableness and acceptability of the proposal.

## **E. PRICING**

1. The bidder must complete the pricing tables (**Appendix A**) of this RFP and submit them with the proposal as instructed. Any pricing involved in providing required services must be reflected on the pricing tables. All costs must be portrayed.
  - a. The bidder must quote a firm, fixed price for each identified transaction, multiply it

by the indicated volume, and state an estimated annual cost for each transaction. For any service listed that has no charge or does not apply, insert zero for the unit price and estimated annual cost.

- b. Where appropriate, the bidder must quote a firm, fixed price for providing a system.
2. Any cost and/or pricing data submitted or related to the bidder's proposal including any cost and/or pricing data related to contractual extension options, whether required or voluntary, shall be subject to evaluation if deemed by the STO to be in the best interests of the State of Missouri.
3. The bidder's Package Price will be determined by applying pricing to cardholder activity scenarios.

#### **F. PROPOSED METHOD OF PERFORMANCE**

1. Proposals will be evaluated based on the bidder's distinctive plan for performing the requirements of the RFP.
2. The bidder must initial mandatory items listed in Section II.B. and must present written responses to the questions posed in section II.C.
3. In addition to responding to the mandatory requirements and questions posed, the bidder must specifically describe and provide examples (when applicable) of the following items. This information shall be included in the Supplementary Information section of the Proposed Method of Performance.
  - a. Describe the systems, including flow charts where helpful, that support proposed data processing systems.
  - b. If appropriate, discuss any potential improvements in approach, integration of services, or elimination of data or report duplications.
  - c. Describe the training, user manuals and documentation to be provided with applications.
  - d. What differentiates your service from that of other prepaid debit card providers?



## **G. COMMUNITY INVESTMENT**

1. All bidders must complete and include with their proposal the Community Investment Questionnaire located in **Appendix B**.
2. Proposals must include the bidder's most recent Community Reinvestment Act (CRA) Summary Statement and CRA Public Disclosure received from the bidder's rating regulatory agency with the completed **Appendix B** from item #1 above.

## VI. GLOSSARY OF TERMS

Term or Abbreviation	Definition
1. <b>ACH</b>	Automated Clearing House.
2. <b>Account Balance</b>	The bank balance that reflects all accounting entries that affect a bank balance, regardless of any deposit float.
3. <b>Activation</b>	The process by which the Cardholder using the Contractors IVR, website or call center can access the tax refund money. The funds on activated debit card accounts are fully available to the Cardholder.
4. <b>Alternative Solution</b>	A proposed method or procedure to meet the needs or intent of the mandatory requirements of a request for proposal (RFP).
5. <b>APO/FPO</b>	Army/Fleet Post Office. A military post office to support members of the armed forces.
6. <b>Banking Day</b>	The standard day of operation of the federal reserve system.
7. <b>Bank</b>	A financial institution.
8. <b>Bidder</b>	The business entity or organization responding to the request for proposal submitted by the STO. (If awarded the contract, the bidder may also be known as the “contractor”.)
9. <b>Cardholder</b>	Taxpayers receiving refunds via debit cards.
10. <b>Collected Balance</b>	The difference between ledger balances and deposit float.
11. <b>Community Investment</b>	The contribution a financial institution makes to the community it serves.
12. <b>Contract</b>	Collectively refers to: the Depository Contract, Pledge Agreement, Demand Deposit Contract and contract for Banking Services; the RFP and any amendments thereto issued by the State Treasurer’s Office; the Contractor’s response to the RFP including any and all attachments and additional responses.
13. <b>Contractor</b>	The business entity or organization that is awarded the contract to perform the services specified within the request for proposal.

Term or Abbreviation	Definition
	(The Contractor may also be referred to as the “bidder” prior to Contract award.)
14. <b>CRA</b>	Community Reinvestment Act.
15. <b>CST</b>	Central Standard Time.
16. <b>DDA</b>	Demand Deposit Account.
17. <b>Debit Card</b>	A plastic card that provides an alternative payment method to cash when making purchases. It also acts as an ATM card for withdrawing cash.
18. <b>Direct Deposit Accounts</b>	An account with no checking privileges. At a minimum, account holders should be able to have paychecks direct deposited and make withdrawals by automated teller machine (ATM) or debit card.
19. <b>Division of Finance</b>	The state agency responsible for oversight of financial institutions within the State of Missouri.
20. <b>Disbursement</b>	The act of paying out funds.
21. <b>DOR</b>	The Department of Revenue of the State of Missouri, located in Jefferson City.
22. <b>End of Contract</b>	The end of the contract may occur at the expiration of the contract period, available renewal periods or extension thereof; termination or cancellation of the contract; or other event that causes the contractual relationship between the STO and the contractor to cease.
23. <b>Enrollment</b>	The process of the Department of Revenue submitting to the Contractor the names, addresses, security answers, tax refund amounts and any other pertinent information that will be used to create and mail debit cards to Cardholders.
24. <b>Experience and Reliability</b>	The terms applied to the knowledge, practice and dependability of a proposed bidder to perform those specific requirements identified within the request for proposal (RFP).
25. <b>FDIC</b>	Federal Deposit Insurance Corporation

Term or Abbreviation	Definition
26. <b>FFIEC</b>	Federal Financial Institution Examination Council
27. <b>FTP</b>	File Transfer Protocol
28. <b>Hot Site</b>	Alternative processing location to be used in the event that natural or unnatural causes interrupts processing and/or service at the primary processing location.
29. <b>IDC</b>	IDC Financial Publishing Inc. Financial credit rating that measures the overall financial condition of an institution, as well as the institution's ability to meet its credit obligations.
30. <b>IP</b>	Internet Protocol
31. <b>IVR</b>	Interactive Voice Response telephone call answering system.
32. <b>Mandatory Requirements</b>	Those specific methods or procedures required by the State Treasurer's Office (STO) and defined in Section II B of the request for proposal (RFP) to ensure that the State of Missouri's needs are met by the prepaid debit card services contractor.
33. <b>NACHA</b>	National Automated Clearing House Association. The governing body responsible for oversight and rulemaking surrounding ACH processing.
34. <b>NSRSO</b>	Nationally Recognized Statistical Rating Organizations recognized by the Securities and Exchange Commission.
35. <b>OCC</b>	Office of the Comptroller of the Currency
36. <b>PIN</b>	Personal Identification Number. Unique passcode linked to each individual debit card to grant access to cash.
37. <b>POS</b>	Point of Sale. Retail merchant locations or websites where cardholders can use their debit cards for direct purchases.
38. <b>Pricing</b>	The dollar amount affixed by the bidder to a prescribed service or requirement of the State Treasurer's Office included in the request for proposal. All costs bid are firm, fixed costs for the duration of the contract period (including available renewal periods).

Term or Abbreviation	Definition
39. <b>Proposed Method of Performance</b>	The distinctive plan for performing the requirements of the request for proposal (RFP) as defined bidder.
40. <b>Reasonable Fee</b>	The reasonable cost or limitation placed upon a service to be performed in execution of a duty.
41. <b>Repurchase Agreement (Repo)</b>	The sale of a security by a dealer to an investor with an agreement to buy the security back from the investor at a specific time and at a price that will result in a pre-determined yield to the investor.
42. <b>Request for Proposal</b>	The official request document submitted for use by bidders to acknowledge their interest in performing services for the STO.
43. <b>RFP</b>	Request for Proposal. The official request document submitted for use by bidders to acknowledge their interest in performing services for the STO.
44. <b>SDC</b>	The State Data Center of the State of Missouri, a section within the Office of Administration (OA) located in Jefferson City.
45. <b>SIFMA</b>	Securities Industry and Financial Markets Association.
46. <b>SNA</b>	Systems Network Architecture
47. <b>State</b>	The State of Missouri
48. <b>State Fiscal Year</b>	The State's annual accounting period of July 1 through June 30.
49. <b>STO</b>	The Office of the Missouri State Treasurer located in Jefferson City, Missouri.
50. <b>Timely Manner</b>	A reasonable period of time for a desired outcome to occur or to be accomplished.
51. <b>Wire</b>	A wire transfer initiated through the Fed Wire System.

## **VI. APPENDICES**

- A. Pricing Tables
- B. Community Investment Questionnaire
- C. Business Entity Certification, Enrollment Documentation, and Affidavit of Work Authorization
- D. Acceptable Collateral
- E. Sample Depository Contract, Pledge Agreement and Contract for Banking Services

## **Appendix A**

### Pricing Tables

**Appendix A**  
**Debit Card Cardholder Pricing Schedule**

	<b>*MANDATORY*</b>	<b>*OPTIONAL*</b>
	<b><u>Single-Load Debit Card</u></b> <b><u>Price Per Item</u></b>	<b><u>Reloadable Debit Card</u></b> <b><u>Price Per Item</u></b>
<b><u>CARDHOLDER MONTHLY SERVICE CHARGES</u></b>		
<b><u>Maintenance Fees:</u></b>		
Maintenance/Service		
Account Setup		
Account Termination		
Inactivity Fee (Specify # of days i.e. 90, 180,360)		
<b><u>Loading:</u></b>		
Load Fee (funding debit card)		
Minimum loading amount		
Maximum loading amount		
Direct Deposit		
<b><u>PIN POS Transactions:</u></b>		
Purchase		
Decline		
Purchase with cash back		
<b><u>ATM Transactions:</u></b>		
ATM Inquiries		
ATM Withdrawals (In-network)		
ATM Withdrawals (Out of Network)		
ATM Declines		
<b><u>Operator Assisted Fees:</u></b>		
Balance Inquiry		
Account Research		
Account Transfer		
Stop Payment		
Over the Counter Cash Withdrawals		
Card Replacement (Lost/Stolen/Fraud)		



<b><u>Statements:</u></b>			
Online Statement			
Paper Statement			
<b><u>Additional Fees:</u></b>			

## **Appendix B**

### **Community Investment Questionnaire**

## Appendix B

### COMMUNITY INVESTMENT QUESTIONNAIRE

1. Briefly describe your institution's primary market emphasis and strategy for the next five years (e.g., retail banking, wholesale banking, full service, small business, middle market, Fortune 500, etc.) both overall and specific to Missouri.
2. Identify your institution's primary market area in Missouri. What percentage of your institution's current loan portfolio is in this area?
3. Please provide the following information for Missouri:

Total Assets	\$	_____
Loans in Missouri	\$	_____
Deposits in Missouri	\$	_____
Non-Missouri Loans	\$	_____
Non-Missouri Deposits	\$	_____
4. Describe your institution's financial participation (e.g., lending, equity) in local community economic development efforts in Missouri.
5. Describe your institution's participation in small business and agricultural lending programs in your primary market area in Missouri. Provide statistics on the number and dollar amount of loans provided under these programs in Missouri.
6. Describe your institution's efforts to attract deposits or banking relationships with non-banked and under-banked customers in Missouri.
7. Describe any financial literacy programs your institution offers in Missouri. Who is your target audience?
8. Describe your financial institution's approach to minority and small business lending in Missouri.
  - a. How do you attract relationships with minority and small businesses in Missouri?
  - b. Do you have any dedicated lending programs for these businesses?
  - c. Provide any statistics your financial institution maintains regarding lending to

minority and small businesses in Missouri.

9. Describe your institution's check cashing policy for checks issued by the State of Missouri for non-customers.
10. Describe your institution's participation in the Missouri Linked Deposit Program within the past year. If you are not currently participating, please explain.
11. How many full-time individuals does your institution employ in the State of Missouri?
12. Provide your institution's current Community Reinvestment Act (CRA) rating, your Federal Financial Institutions Examination Council (FFIEC) ID, and the agency providing the review (OCC, FDIC, ...). For confirmation purposes, indicate your financial institution's five-digit FDIC Certificate Number.

## **Appendix C**

### **BUSINESS ENTITY CERTIFICATION, ENROLLMENT DOCUMENTATION, AND AFFIDAVIT OF WORK AUTHORIZATION**

## APPENDIX C

### **BUSINESS ENTITY CERTIFICATION, ENROLLMENT DOCUMENTATION, AND AFFIDAVIT OF WORK AUTHORIZATION**

#### **BUSINESS ENTITY CERTIFICATION:**

The **bidder/offeror/contractor** must certify their current business status by completing either Box A or Box B or Box C on this Exhibit.

<b>BOX A:</b>	To be completed by a non-business entity as defined below.
<b>BOX B:</b>	To be completed by a business entity who has not yet completed and submitted documentation pertaining to the federal work authorization program as described at <a href="http://www.dhs.gov/files/programs/gc_1185221678150.shtm">http://www.dhs.gov/files/programs/gc_1185221678150.shtm</a> .
<b>BOX C:</b>	To be completed by a business entity who has current work authorization documentation on file with a Missouri state agency including Division of Purchasing and Materials Management.

**Business entity**, as defined in section 285.525, RSMo, pertaining to section 285.530, RSMo, is any person or group of persons performing or engaging in any activity, enterprise, profession, or occupation for gain, benefit, advantage, or livelihood. The term “**business entity**” shall include but not be limited to self-employed individuals, partnerships, corporations, contractors, and subcontractors. The term “**business entity**” shall include any business entity that possesses a business permit, license, or tax certificate issued by the state, any business entity that is exempt by law from obtaining such a business permit, and any business entity that is operating unlawfully without such a business permit. The term “**business entity**” shall not include a self-employed individual with no employees or entities utilizing the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

Note: Regarding governmental entities, business entity includes Missouri schools, Missouri universities (other than stated in Box C), out of state agencies, out of state schools, out of state universities, and political subdivisions. A business entity does not include Missouri state agencies and federal government entities.

#### **BOX A – CURRENTLY NOT A BUSINESS ENTITY**

I certify that \_\_\_\_\_ (Company/Individual Name) **DOES NOT CURRENTLY MEET** the definition of a business entity, as defined in section 285.525, RSMo pertaining to section 285.530, RSMo as stated above, because: (check the applicable business status that applies below)

- ☐ I am a self-employed individual with no employees; **OR**  
☐ The company that I represent employs the services of direct sellers as defined in subdivision (17) of subsection 12 of section 288.034, RSMo.

I certify that I am not an alien unlawfully present in the United States and if \_\_\_\_\_ (Company/Individual Name) is awarded a contract for the services requested herein under \_\_\_\_\_ **(IFB/RFP/SFS/Contract Number)** and if the business status changes during the life of the contract to become a business entity as defined in section 285.525, RSMo, pertaining to section 285.530, RSMo, then, prior to the performance of any services as a business entity, \_\_\_\_\_ (Company/Individual Name) agrees to complete Box B, comply with the requirements stated in Box B and provide the \_\_\_\_\_ **(insert agency name)** with all documentation required in Box B of this exhibit.

_____ Authorized Representative's Name (Please Print)	_____ Authorized Representative's Signature
_____ Company Name (if applicable)	_____ Date

***(Complete the following if you DO NOT have the E-Verify documentation and a current Affidavit of Work Authorization already on file with the State of Missouri. If completing Box B, do not complete Box C.)***

BOX B – CURRENT BUSINESS ENTITY STATUS	
I certify that _____ (Business Entity Name) <b>MEETS</b> the definition of a business entity as defined in section 285.525, RSMo, pertaining to section 285.530.	
_____ Authorized Business Entity Representative's Name (Please Print)	_____ Authorized Business Entity Representative's Signature
_____ Business Entity Name	_____ Date
_____ E-Mail Address	
<p>As a business entity, the <b>bidder/offeree/contractor</b> must perform/provide each of the following. The <b>bidder/offeree/contractor</b> should check each to verify completion/submission of all of the following:</p> <ul style="list-style-type: none"> <li style="margin-bottom: 10px;"> <input type="checkbox"/> Enroll and participate in the E-Verify federal work authorization program (Website: <a href="http://www.dhs.gov/files/programs/gc_1185221678150.shtm">http://www.dhs.gov/files/programs/gc_1185221678150.shtm</a>; Phone: 888-464-4218; Email: <a href="mailto:e-verify@dhs.gov">e-verify@dhs.gov</a>) with respect to the employees hired after enrollment in the program who are proposed to work in connection with the services required herein; AND           </li> <li style="margin-bottom: 10px;"> <input type="checkbox"/> Provide documentation affirming said company's/individual's enrollment and participation in the E-Verify federal work authorization program. Documentation shall include EITHER the E-Verify Employment Eligibility Verification page listing the <b>bidder's/offeree's/contractor's</b> name and company ID OR a page from the E-Verify Memorandum of Understanding (MOU) listing the <b>bidder's/offeree's/contractor's</b> name and the MOU signature page completed and signed, at minimum, by the <b>bidder/offeree/contractor</b> and the Department of Homeland Security – Verification Division. If the signature page of the MOU lists the <b>bidder's/offeree's/contractor's</b> name and company ID, then no additional pages of the MOU must be submitted; AND           </li> <li style="margin-bottom: 10px;"> <input type="checkbox"/> Submit a completed, notarized Affidavit of Work Authorization provided on the next page of this Exhibit.           </li> </ul>	

**AFFIDAVIT OF WORK AUTHORIZATION:**

The **bidder/offeror/contractor** who meets the section 285.525, RSMo, definition of a business entity must complete and return the following Affidavit of Work Authorization.

Comes now \_\_\_\_\_ (Name of Business Entity Authorized Representative) as \_\_\_\_\_ (Position/Title) first being duly sworn on my oath, affirm \_\_\_\_\_ (Business Entity Name) is enrolled and will continue to participate in the E-Verify federal work authorization program with respect to employees hired after enrollment in the program who are proposed to work in connection with the services related to contract(s) with the State of Missouri for the duration of the contract(s), if awarded in accordance with subsection 2 of section 285.530, RSMo. I also affirm that \_\_\_\_\_ (Business Entity Name) does not and will not knowingly employ a person who is an unauthorized alien in connection with the contracted services provided under the contract(s) for the duration of the contract(s), if awarded.

***In Affirmation thereof, the facts stated above are true and correct. (The undersigned understands that false statements made in this filing are subject to the penalties provided under section 575.040, RSMo.)***

\_\_\_\_\_  
Authorized Representative's Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
E-Mail Address

\_\_\_\_\_  
E-Verify Company ID Number

Subscribed and sworn to before me this \_\_\_\_\_ of \_\_\_\_\_. I am  
(DAY) (MONTH, YEAR)  
commissioned as a notary public within the County of \_\_\_\_\_, State of  
(NAME OF COUNTY)  
\_\_\_\_\_, and my commission expires on \_\_\_\_\_.  
(NAME OF STATE) (DATE)

\_\_\_\_\_  
Signature of Notary

\_\_\_\_\_  
Date



***(Complete the following if you have the E-Verify documentation and a current Affidavit of Work Authorization already on file with the State of Missouri. If completing Box C, do not complete Box B.)***

**BOX C – AFFIDAVIT ON FILE - CURRENT BUSINESS ENTITY STATUS**

I certify that \_\_\_\_\_ (Business Entity Name) **MEETS** the definition of a business entity as defined in section 285.525, RSMo, pertaining to section 285.530, RSMo, and have enrolled and currently participates in the E-Verify federal work authorization program with respect to the employees hired after enrollment in the program who are proposed to work in connection with the services related to contract(s) with the State of Missouri. We have previously provided documentation to a Missouri state agency or public university that affirms enrollment and participation in the E-Verify federal work authorization program. The documentation that was previously provided included the following.

- ✓ The E-Verify Employment Eligibility Verification page OR a page from the E-Verify Memorandum of Understanding (MOU) listing the bidder's/offendor's/contractor's name and the MOU signature page completed and signed by the bidder/offendor/contractor and the Department of Homeland Security – Verification Division
- ✓ A current, notarized Affidavit of Work Authorization (must be completed, signed, and notarized within the past twelve months).

Name of **Missouri State Agency** or **Public University\*** to Which Previous E-Verify Documentation Submitted: \_\_\_\_\_

(\*Public University includes the following five schools under chapter 34, RSMo: Harris-Stowe State University – St. Louis; Missouri Southern State University – Joplin; Missouri Western State University – St. Joseph; Northwest Missouri State University – Maryville; Southeast Missouri State University – Cape Girardeau.)

**Date** of Previous E-Verify Documentation Submission: \_\_\_\_\_

Previous **Bid/Contract Number** for Which Previous E-Verify Documentation Submitted: \_\_\_\_\_

(if known)

\_\_\_\_\_  
Authorized Business Entity Representative's  
Name (Please Print)

\_\_\_\_\_  
Authorized Business Entity  
Representative's Signature

\_\_\_\_\_  
E-Verify MOU Company ID Number

\_\_\_\_\_  
E-Mail Address

\_\_\_\_\_  
Business Entity Name

\_\_\_\_\_  
Date

## **Appendix D**

### Acceptable Collateral

## Appendix D

### Acceptable Collateral

STATE OF MISSOURI  
OFFICE OF THE STATE TREASURER

#### ***SECURITIES ACCEPTABLE AS COLLATERAL TO SECURE STATE DEPOSITS***

**The securities described below are hereby designated as acceptable collateral for state funds on deposit, as required by Section 30.270 RSMo (as amended). The State Treasurer reserves the right to refuse to accept as collateral any security or securities on this list, or to request the submission of an alternate acceptable security or securities, if, in the sole discretion of the State Treasurer, the State Treasurer determines that such action will provide greater security for the deposit of state funds.**

The securities described below are designated as acceptable collateral for the deposit of state funds. The listing is not intended to serve as, and should not be considered as a listing of legally authorized investment instruments.

1. Marketable Treasury securities of the United States.
2. Bonds or certificates of participation (COP's) issued by the State of Missouri with an investment grade long-term rating from one of the Nationally Recognized Statistical Ratings Organizations (NRSRO's) or are secured by a federal agency guarantee (directly or through guaranteed loans), to include the following:
  - a. General obligation debt securities issued by the State of Missouri.
  - b. Revenue bonds issued by the Missouri Board of Public Buildings or Department of Natural Resources.
  - c. Revenue bonds of the Missouri Housing Development Commission, Missouri Health and Education Facilities Authority, Missouri Higher Education Loan Authority, Missouri Environmental Improvement and Energy Resources Authority, Missouri Agricultural and Small Business Development Authority, Missouri Industrial Development Board, or State-owned educational institutions.
  - d. Certificates of Participation issued by the Missouri Board of Public Buildings or Public Fund Commissioners.

3. Bonds or certificates of participation with an investment grade long-term rating from one of the NRSRO's issued by any of the following agencies:
  - a. Any city in this state having a population of not less than two thousand
  - b. Any county of this state
  - c. Any school district situated in this state
  - d. Any special road district in this state
  - e. Bonds of any political subdivision established under the provision of Article VI, Section 30 of the Constitution of Missouri (City and County of St. Louis)
  - f. Any of the fifty states within the United States of America
4. Debt securities guaranteed by the United States or its agencies or instrumentalities, as follows:
  - a. Debt securities of the Federal Farm Credit System
  - b. Debt securities of the Federal Home Loan Banks
  - c. Debt securities of the Federal National Mortgage Association ("Fannie Mae")
  - d. Debt securities of the Student Loan Marketing Association
  - e. Debt securities of the Tennessee Valley Authority (TVA)
  - f. Debt securities of the Federal Agricultural Mortgage Corporation ("Farmer Mac")
  - g. Debt securities of the Government National Mortgage Association ("Ginnie Mae").
  - h. Debt securities of the Federal Home Loan Mortgage Corporation ("Freddie Mac")
  - i. Guaranteed Loan Pool Certificates of the Small Business Administration (SBA)
  - j. Federal Home Administration insured notes (CBOs).
  - k. Public housing notes and bonds ("project notes and bonds") issued by public housing agencies, guaranteed as to the payment of principal and interest by the government of the United States or any agency or instrumentality thereof.

1. Debt securities of the Resolution Funding Corporation (REFCORP).

Collateralization margins for pass-through mortgage-backed securities, SBA pool certificates and collateralized mortgage obligations shall differ from debentures issued by such agencies. The only type of Collateralized Mortgage Obligations (CMO) that the Treasurer's Office will accept are Planned Amortization Classes (PAC's), Targeted Amortization Classes (TAC's) and sequential pay classes. Furthermore, Collateralized Mortgage Obligations must have a weighted average life not to exceed five years and pass the FFIEC High Risk Stress Test. No Strips, Z bonds, Mortgage Derivatives or Zeros are acceptable.

5. Tax anticipation notes issued by any county of class one in Missouri with an investment grade short-term rating from one of the Nationally Recognized Statistical Ratings Organizations (NRSRO's)
6. Surety bonds issued by an insurance company licensed under the laws of the State of Missouri whose claims-paying ability is rated in the highest category by Duff & Phelps, A.M. Best, Standard & Poors, or Moody's. The face amount of such surety bond shall be at least equal to the portion of the deposit to be secured by the surety bond.
7. Irrevocable standby Letter of Credit issued by a Federal Home Loan Bank possessing the highest rating issued by at least one NRSRO.
8. Bonds or certificates of participation issued by local government agencies within the fifty states, provided such instruments are rated in the highest category by at least one NRSRO.

The State Treasurer shall determine the collateralization margin (or "haircut") for each security type listed above, which may change from time to time subject to market conditions and other factors, but in no event shall be greater than the maximum limits allowed by law. The current collateralization requirements by security type are provided on Attachment "A".

The total market value of collateral must be equal to or greater than the collateralization margin set by the State Treasurer of the total amount of state time deposits (including accrued interest to maturity) plus demand deposits with the depository, less the amount, if any, which is insured by the Federal Deposit Insurance Corporation, or the National Credit Unions Share Insurance Fund.

All securities pledged as collateral by the depository will be held by the Missouri State Treasurer, in a segregated account. All collateral pledged must be delivered in bearer form, book-entry form, or in the case of fully registered certificates, placed into the nominee name of the custodian.

Effective Date: August 28, 2009

ATTACHMENT “A”

**COLLATERALIZATION REQUIREMENTS FOR STATE DEPOSITS**

<b>No.</b>	<b>Security</b>	<b>Collateralization Margin  (“Haircut”)</b>
1.	United States Treasuries	102%
2.	State of Missouri Bonds/Debt	102%
3.	Local/State Debt	
	a. Any city in this state having a population of not less than two thousand	102%
	b. Any county of this state	102%
	c. Any school district situated in this state	102%
	d. Any special road district in this state	102%
	e. Bonds and COP’s of any political subdivision established under the provision of Article VI, Section 30 of the Constitution of Missouri (City and County of St. Louis)	102%
	f. Any of the fifty states within the United States of America	102%
4.	U.S. Agency Securities	
	Agency Debentures	102%
	SBA Loan Pools	105%
	Agency Mortgage-Backed Securities	105%
	Agency CMO’s (PACs, TACs and Seq. Bonds only)	105%
5.	Tax anticipation notes issued by any county of class one in Missouri	102%
6.	Surety bonds	100%
7.	FHLB Letter of Credit	100%
8.	Out-of-state Municipal Bonds/COP’s	102%

**See the State of Missouri’s Acceptable Collateral Policy for a more complete description of the above securities. The above collateralization requirements may change from time to time based on market conditions and other factors, but in no event shall be greater than the maximum limits allowed by law.**

## SCHEDULE OF ELIGIBLE SECURITIES ACCEPTABLE AS REPO COLLATERAL

<b>Security</b>		<b>Margin</b>
U.S. Treasury Securities	Bills	102%
	Bonds	102%
	Notes	102%
	Strips	102%
U.S. Agency Securities	FAMC (Fed Agricultural Mortgage)	102%
	FCFAC (Farm Credit Financial)	102%
	FFCB (Farm Credit System)	102%
	FmHA (Farmers Home Admin.)	102%
	FHLB (Federal Home Loan Bank)	102%
	FHLMC (Federal Home Loan Mort. Credit)	102%
	FICO (Financing Corporation)	102%
	FLBB (Federal Land Bank)	102%
	FNMA (Federal National Mortgage)	102%
	REFCO (Resolution Funding)	102%
	SLMA (Student Loan Mortgage)	102%
	TVA (Tennessee Valley Authority)	102%
	USPS (U.S. Postal Service)	102%
GNMA	Trust Receipts	102%
	GNMA I/II – Single Family	102%
	GNMA I/II – Others-Fixed Rate	102%
	GNMA I/II Others – Adjust. Rate	102%
Agency Mortgage Backs	Trust Receipts	102%
	Pass Throughs – Fixed Rate	102%
	Pass Throughs – Adjust. Rate	102%
	MBS Strips (IO,PO,RECOMB)	102%

## **Appendix E**

Sample Depository Contract, Pledge Agreement and Contract for Banking Services



## Appendix E

### STATE OF MISSOURI

#### SAMPLE DEPOSITARY CONTRACT, PLEDGE AGREEMENT AND CONTRACT FOR BANKING SERVICES

**THIS DEPOSITARY CONTRACT, PLEDGE AGREEMENT AND CONTRACT FOR BANKING SERVICES is entered into between the State Treasurer of Missouri (“State Treasurer”) and \_\_\_\_\_, of \_\_\_\_\_ city, Missouri (“Bank”).**

WHEREAS, pursuant to the provisions of Article IV, Section 15 of the Constitution of Missouri, as amended, and Chapter 30, RSMo, as amended, “Bank” has been selected by the State Treasurer as a depositary of state moneys and a provider of banking services; and

WHEREAS, the State Treasurer and “Bank” intend to secure the deposit of state moneys by pledging collateral securities and perfecting a security interest in and creating a lien upon same as contemplated and permitted by state law; and

WHEREAS, the parties desire to incorporate the State Treasurer’s 2012 Request for Proposals for Banking Services and “Bank’s” Response to same into a comprehensive depositary contract, pledge agreement and contract for banking services;

NOW THEREFORE, the State Treasurer and “Bank” hereby agree as follows:

1. The State Treasurer will from time to time deposit moneys with “Bank” on demand deposit. “Bank” agrees to safely keep the demand deposits made hereunder, to promptly collect all checks, drafts and other instruments of exchange deposited with it under this Depositary Contract, Pledge Agreement and Contract for Banking Services, the State Treasurer’s Request for Proposals, and “Bank’s” response (all of which shall hereby be collectively known as the “Contract and Pledge Agreement”), and to pay out of the accounts of the State Treasurer such sums as the State Treasurer may draw by check, Automated Clearing House (ACH), wire transfer, or book transfer, upon written, verbal, or electronic instruction by an authorized employee of the State Treasurer against the balances of said accounts.
2. The State Treasurer and “Bank” acknowledge and agree that, pursuant to this Contract and Pledge Agreement, the State Treasurer may have more than one demand deposit account at “Bank”, and additionally agree that individual demand accounts may be overdrawn as long as combined total balances are positive. The State Treasurer and “Bank” further acknowledge and agree that the parties will attempt to minimize the occurrence of daylight overdrafts and associated costs through the utilization of appropriate operational procedures.
3. In addition to any services or responsibilities undertaken in this Contract and Pledge Agreement, “Bank” will provide the State Treasurer with (a) Prepaid Debit Card Services;

(b) Balance Reporting Services; (c) Account Activity Analysis and Reporting; (d) Quarterly Quality Review Meetings; and (e) Additional Service Requirements, all as set forth in and in accordance with the State Treasurer's Request for Proposals for Banking Services and "Bank's" Response to same, including any amendments made from time to time in writing, which are hereby incorporated.

4. In return for the services to be performed by "Bank" under this Contract and Pledge Agreement the State Treasurer agrees to maintain sufficient amounts so that earnings on the average of the collected balances appearing in the accounts shall be equal to the estimated costs incurred for services rendered during the service period. Details regarding the fees for services under this Contract and Pledge Agreement, the requisite compensating balance for such services, the calculation and adjustment of the compensating balance, the earnings credit rate on accounts of the State Treasurer, the daily treatment of balances in the accounts of the State Treasurer, and all other matters concerning the compensation of "Bank" under this Contract and Pledge Agreement are specifically set forth in the Request for Proposals for Banking Services and "Bank's" Response to same.
5. To secure the moneys deposited under this Contract and Pledge Agreement, "Bank" will deposit securities of the kind and character specified in Chapter 30, RSMo, as amended ("Securities"), in an amount specified by the State Treasurer, which shall be at least equal in market value to one hundred percent of the aggregate amount on deposit with "Bank" hereunder less the amount thereof, if any, which is insured by the Federal Deposit Insurance Corporation, or any successor federal government agency or entity established by law to insure deposits. The Securities shall be delivered to, receipted for and retained by the State Treasurer or by banks or trust companies or other safe depositaries that the Governor, State Auditor and State Treasurer agree upon. "Bank" does hereby grant, bargain, convey and pledge a security interest in any and all Securities deposited with the State Treasurer or his designated custodian in accordance with the terms of this Contract and Pledge Agreement. In every pledge and transfer of Securities hereunder, "Bank" shall take all steps necessary to effect a "transfer" under any state or federal regulation governing transfers of securities. In addition to the rights and remedies given to the State Treasurer hereunder, including the Request for Proposals for Banking Services, the State Treasurer shall have the rights and remedies of a secured party under Chapter 400, RSMo, as amended.
6. The State Treasurer, the Governor or the State Auditor may, from time to time, inspect the Securities or book entry receipts for the Securities or request an accounting of the Securities to determine that they are kept and maintained as required by this Contract and Pledge Agreement. The necessary expenses incidental to the deposit and inspection of the Securities shall be paid by "Bank" (such expenses could reasonably include certain photocopying, reports, and delivery of the information to the appropriate parties). If, at any time, or for any reason, the State Treasurer, Governor or State Auditor determine that the Securities given by "Bank" do not satisfactorily secure the deposits made or to be made hereunder, the State Treasurer, Governor or State Auditor may require that additional or substitute Securities be given and "Bank" shall furnish such additional or substitute Securities as are satisfactory to

the State Treasurer, Governor or State Auditor, as appropriate.

7. "Bank" shall not at any time withdraw any of the Securities without the written consent of the State Treasurer, but with such consent "Bank" (a) shall be permitted to withdraw Securities to the extent that the market value of the Securities remaining on deposit exceeds the amount required under this Contract and Pledge Agreement; and (b) shall be permitted to withdraw Securities upon the delivery of Securities in substitution for those to be withdrawn, so long as the market value of the Securities remaining on deposit exceeds the amount required under this Contract and Pledge Agreement.
8. "Bank" shall render statements or reports to the State Treasurer showing the daily balance, account activity, or other information regarding the accounts of the State Treasurer at all times and in every manner specified in this Contract and Pledge Agreement.
9. In the event that "Bank" defaults in any manner in performing any of the terms and conditions of this Contract and Pledge Agreement, or if "Bank" fails to safely keep the moneys deposited with it, the State Treasurer shall be authorized forthwith, without notice, advertisement or demand, and at public or private sale, to convert into money the Securities deposited by "Bank" or as many of them as may be necessary to pay the whole amount of the moneys deposited with "Bank". The State Treasurer may purchase any or all of the Securities sold at any such sale.
10. If at any time during which there are state moneys on deposit under this Contract and Pledge Agreement, "Bank" comes under investigation (other than the ordinary review of financial institutions), management or control of the Federal Deposit Insurance Corporation ("FDIC") or any other federal governmental entity authorized by law to implement the provisions of the Financial Institutions Reform and Recovery Act ("FIRREA") or any similar or successor federal law, "Bank" shall so notify the State Treasurer and shall further notify the FDIC or other appropriate federal agency or entity of the existence and terms of this Contract and Pledge Agreement. "Bank" or any successor, assignee or transferee in whole or part of the "Bank's" interests under this Contract and Pledge Agreement agrees to be bound exclusively by the terms of this Contract and Pledge Agreement and Missouri law, and further agrees that the terms of this Contract and Pledge Agreement shall not be preempted by federal law without advance written notice to the State Treasurer detailing the specific provisions of this Contract and Pledge Agreement which may be subject to preemption and the specific provisions of federal law which purport to authorize supervision.
11. If at any time during which there are state moneys on deposit under this Contract and Pledge Agreement, "Bank" comes under investigation (other than the ordinary review of financial institutions), management or control of any State regulatory agency, "Bank" shall so notify the State Treasurer and shall further notify the state agency or entity of the existence and terms of this Contract and Pledge Agreement. "Bank" or any successor, assignee or transferee in whole or part of the "Bank's" interests under this Contract and Pledge Agreement agrees to be bound exclusively by the terms of this Contract and Pledge

Agreement and Missouri law, and further agrees that the terms of this Contract and Pledge Agreement shall not be preempted by any state or federal law without advance written notice to the State Treasurer detailing the specific provisions of this Contract and Pledge Agreement which may be subject to preemption and the specific provisions of any state or federal law which purport to authorize supervision.

12. "Bank" shall not transfer, by assignment, subcontract or otherwise, any interest or duty in this Contract and Pledge Agreement, including the services or responsibilities described in the Request for Proposals for Banking Services and "Bank's" Response to same, without the prior written consent of the State Treasurer.
13. The State Treasurer shall not be liable in the event of loss, destruction or theft of equipment, software or technical literature provided by "Bank", under lease or otherwise, pursuant to this Contract and Pledge Agreement.
14. "Bank" must maintain the capability to reconstruct necessary data files in the event of destruction, and to operate on substitute equipment within one(1) calendar if "Bank's" equipment is rendered inoperative.
15. "Bank" shall permit reasonable access by the State Treasurer or the State Auditor for purposes of performing audit procedures relating to any aspect of services provided by "Bank" to the State Treasurer in connection with this Contract and Pledge Agreement.
16. "Bank" must maintain complete confidentiality of all records relating to services performed under this Contract and Pledge Agreement in accordance with state and federal laws, rules and regulations. No listing report or other material generated from data covered by this Contract and Pledge Agreement may be disclosed or transferred by "Bank" to any other person.
17. By execution of this Contract and Pledge Agreement, "Bank" attests that it is aware of and in compliance with the requirements of the Americans with Disabilities Act ("ADA"), as amended, as well as all regulations pertinent thereto. Specifically, "Bank" attests that it has taken all appropriate steps to facilitate the participation of people with disabilities in programs and activities undertaken on behalf of the State Treasurer. "Bank" acknowledges that failure to comply with the provisions of the ADA constitutes sufficient cause to terminate this Contract and Pledge Agreement. "Bank" further acknowledges and agrees to indemnify and otherwise hold the State Treasurer harmless for any derivative liability for discrimination by "Bank" under the ADA.

This Contract and Pledge Agreement and all aforementioned components listed in 1 above, representing the full and complete agreement between the parties shall remain in force and effect from October 1, 2012 until September 30, 2016, or until such later date as designated by the State Treasurer, provided, however, that each party reserves the right to terminate this Contract and Pledge Agreement, at any time, by giving one hundred twenty days (120) written notice to the other party of

its intent to do so. Details regarding the rights and responsibilities of the parties with respect to termination of this Contract and Pledge Agreement are set forth in the Request for Proposals for Banking Services and “Bank’s” Response to same. This Contract and Pledge Agreement shall continue in effect until terminated in accordance with the provisions of the Request for Proposals for Banking Services and “Bank’s” Response to same.

IN WITNESS WHEREOF, the parties have executed this Contract and Pledge Agreement in duplicate and affixed their seals as of the dates below noted.

(SEAL)

STATE TREASURER

---

Angie Heffner - Robyn  
Deputy State Treasurer

---

Date

(SEAL)

“BANK”

---

Officer

---

Date